Obviously, our hope is that we can reach agreement. If not, we believe it desirable to narrow the issues as much as possible, and to present those issues to the Court.

Very truly yours,

D. Michael Underhill

DMU/ph

Enclosure

DRAFT

August 28, 1998

IN THE UNITED STATES DISTRICT COURT
FOR THE DISTRICT OF DELAWARE

CORDIS CORPORATION and EXPANDABLE GRAFTS PARTNERSHIP, Plaintiffs, v. ADVANCED CARDIOVASCULAR SYSTEMS, INC., GUIDANT CORPORATION, ARTERIAL VASCULAR ENGINEERING, INC., BOSTON SCIENTIFIC CORPORATION, and SCIMED LIFE SYSTEMS, INC., Defendants.	C.A. No. 97-550-SLR
ARTERIAL VASCULAR ENGINEERING, INC., Plaintiff, v. CORDIS CORPORATION, JOHNSON & JOHNSON and EXPANDABLE GRAFTS PARTNERSHIP, Defendants.	C.A. No. 97-700-SLR

DRAFT

August 28, 1998

BOSTON SCIENTIFIC CORPORATION, Plaintiff, v. ETHICON, INC.; CORDIS CORPORATION; and JOHNSON & JOHNSON INTERVENTIONAL SYSTEMS CO., Defendants.	Civil Action No. 98-19-SLR
CORDIS CORPORATION Plaintiff, v. BOSTON SCIENTIFIC CORPORATION and SCIMED LIFE SYSTEMS, INC. Defendants.	Civil Action No. 98-197-SLR

PROTECTIVE ORDER

WHEREAS, each of the parties to the above captioned action (the "Action"), Cordis Corporation ("Cordis"), Expandable Grafts Partnership ("EGP") (collectively Plaintiffs), and Advanced Cardiovascular Systems, Inc. ("ACS"), Guidant Corporation ("Guidant"), Arterial Vascular Engineering, Inc. ("AVE"), Boston Scientific Corporation ("BSC"), and Scimed Life

Systems, Inc. ("Scimed") (collectively, "Defendants"), may seek discovery or documents, information or other materials which may contain or relate to confidential, proprietary or trade secret information of another party or of a third party;

IT IS HEREBY ORDERED that the following Protective Order be entered in this Action:

1. "Confidential Information" shall mean and include any document (whether in hard copy or computer readable form), deposition testimony, interrogatory answers, responses to requests for admissions and/or production, or other information provided by or on behalf of the parties (or any of their attorneys or other agents) ("Discovery Material"), which contains non-public, confidential or proprietary information, whether personal or business-related. For certain limited types of "Confidential Information," the producing party may further designate, as defined and detailed below, such Confidential Information as "Highly Confidential." The "Highly Confidential" designation shall be reserved for Confidential Information that constitutes, reflects, or concerns trade secrets, know-how or proprietary data, business, financial or commercial information, the disclosure of which is likely to cause harm to the competitive position of the party making the confidential designations on Discovery Materials ("the Designating Party"). All such Confidential or Highly Confidential designations shall be made in good faith by the Designating Party and made at the time of disclosure, production, or tender to the party receiving the same ("Receiving Party"), provided that the inadvertent failure to so designate does not constitute a waiver of such claim, and a producing party may so designate a

document after such document has been produced, with the effect that such document is thereafter subject to the protections of this Protective Order. A designation of "Highly Confidential" shall constitute a representation that such Discovery Material has been reviewed by an attorney for the Designating Party and that there is a valid basis for such designation.

2. The designation of Discovery Materials in the form of documents, responses to admissions and interrogatories, or other tangible materials (including without limitation CD-ROM's and tapes) other than depositions or other pretrial testimony as Confidential Information or Highly Confidential Information shall be made by the Designating Party in the following manner:

a. Documents designated "Confidential" shall be so marked by conspicuously affixing the legend "CONFIDENTIAL INFORMATION PURSUANT TO PROTECTIVE ORDER" or similar designation on each page containing any Confidential Information (or in the case of computer medium on the medium and its label and/or cover) to which the designation applies. Such designated Discovery Materials shall be identified by Bates number. To the extent practical, the Confidential legend shall be placed near the Bates number.

b. Documents designated "Highly Confidential" shall be so marked by conspicuously affixing the legend "HIGHLY CONFIDENTIAL PURSUANT TO PROTECTIVE ORDER" or similar designation on each page containing any Highly Confidential Information (or in the case of computer medium on the medium and its label and/or

cover) to which the designation applies. Such designated Discovery Materials shall be identified by Bates number. To the extent practical, the Highly Confidential legend shall be placed near the Bates number.

c. If a document has more than one designation, the more restrictive or higher confidential designation applies.

3. Confidential Information and Highly Confidential Information shall not include any Discovery Materials which:

a. Have been or become lawfully in the possession of the Receiving Party through communications other than production or disclosure in this Action by the Designating Party, for example, as a result of legitimate business dealings between the parties, unless those documents are covered by a separate non-disclosure or confidentiality agreement, in which case the Receiving Party may continue to use such documents in the course of their business subject to those agreements;

b. Have been or become part of the public domain by publication or otherwise and not due to any unauthorized act or omission on the part of the Receiving Party; or

c. May not under law be treated as confidential.

Nothing herein shall impose any restriction on the use or disclosure by a party of its own documents or information.

4. Subject to paragraphs 5 and 6 of this Protective Order, "Qualified Persons" having access to Discovery Material designated "Confidential Information," as set forth in paragraph 2(a) of this Protective Order, in this Action are:

a. Ashby & Geddes and Patterson, Belknap, Webb & Tyler, LLP, attorneys of record for Cordis, and their stenographic, clerical and paralegal employees whose duties and responsibilities require access to such materials;

b. Ashby & Geddes and Akin, Gump, Strauss, Hauer & Feld LLP, attorneys of record for EGP, and their stenographic, clerical and paralegal employees whose duties and responsibilities require access to such materials;

c. Dewey Ballantine, LLP; Richards, Layton & Finger; Fulwider Patton Lee & Utecht, LLP; Morgan, Lewis & Bockius, LLP; Connolly, Bove, Lodge & Hutz; Kenyon & Kenyon; and Young, Conaway, Stargatt & Taylor, each of which is attorneys of record for one or more of the Defendants, and their stenographic, clerical and paralegal employees whose duties and responsibilities require access to such materials;

d. Julio C. Palmaz, M.D., Richard A. Schatz, M.D., Philip J. Romano, and Amalia Palmaz;

e. For each party manufacturing stents or stent delivery systems, a total of four in-house employees, including in-house attorneys if desired, whose names are listed below and who have responsibility for maintaining, defending or evaluating this litigation. For

purposes of this paragraph, ACS and Guidant will be considered to be a single party; and BSC and Scimed will be considered to be a single party. The approved in-house employees are as follows:

	ACS/Guidant	BSC/Scimed	Cordis	AVE
Name				
Title				
Name				
Title				
Name				
Title				
Name				
Title				

f. Retained independent consultants, vendors or experts for Cordis or EGP (as well as their staff, stenographic, and clerical employees) whose duties and responsibilities require access to such materials who are not current employees of any party to this litigation, or any direct competitor of any party to this litigation;

g. Retained independent consultants, vendors or experts for one or more of the Defendants (as well as their staff, stenographic, and clerical employees whose duties and responsibilities require access to such materials) who are not current employees of any party to this litigation, or any direct competitor of any party to this litigation; and

h. The Court, Court personnel and stenographic and video reporters engaged in proceedings incident to this Action.

i Outside document copying services (e.g., Ikon, Xerox), and/or document coding or computerization services (e.g., Quorum/Lanier). Notwithstanding any other provision of this protective order, access to Confidential and Highly Confidential documents shall be permitted to such vendors, without need for the completion of Exhibit A or the execution of Exhibit B. For purposes of this paragraph 4(i), "document" refers to paper documents, video tapes, CD-ROMs, computer discs, and other similar media, but excludes models or similar physical renderings of stents, balloon catheters, or other products of the parties. The outside counsel providing Confidential or Highly Confidential documents to outside document copying services or document coding or computerization services shall be responsible for that service's compliance with the provisions of this Protective Order.

j. Attorneys of record for one or more of the parties in other litigation involving the patents-in-suit in these actions, foreign counterparts to the patents-in-suit, and any other patent based in whole or in part on the disclosures of the patents-in-suit or their foreign counterparts; and their stenographic, clerical and paralegal employees whose duties and responsibilities require access to such materials, including the following:

Law Firm	Represented Party	Case
Goodman Phillips & Vineberg	AVE	No. T-808-98 (Canada)
Smith Lyons	Johnson & Johnson, Inc. and EGP	No. T-808-98 (Canada)
	BSC	
	ACS	

5. Any Highly Confidential Information, as set forth in paragraph 2(b) of this Protective Order, shall be treated the same as Confidential Information, with the following exceptions:

a. There shall be no access by Qualified Persons pursuant to paragraphs 4(d) and 4(e) to Highly Confidential Information, except that, for each party manufacturing stents or stent delivery systems, two in-house attorneys employed in the patent or legal department of the parties whose names are listed below and who are also listed in paragraph 4(e), and who have complied with the provisions of paragraph 6, may have access to material designated as Highly Confidential:

	ACS/Guidant	BSC	Cordis	AVE
Name			Theodore Van Itallie	Richard Klein
Name			Eric I. Harris	

b. Access by Qualified Persons pursuant to paragraphs 4(f) and (g) of this Protective Order shall be restricted to the retained independent consultants, vendors, or experts

for each party and the staff, stenographic, and clerical employees of each such consultant, vendor or expert, whose duties and responsibilities require access to material designated as Highly Confidential, and who have complied with the provisions of paragraph 6.

6. Qualified Persons defined in paragraphs 4(d), 4(e), 4(f), 4(g) and 4(j) shall be allowed access to Confidential Information or Highly Confidential Information, as limited by paragraph 5 of this Protective Order, only after complying with the following procedure:

a. Each party shall prepare a written list, in a form similar to Exhibit A hereto, setting forth the name of the person, his or her occupation, and business address, for each person described in paragraphs 4(d), 4(e), 4(f), 4(g) and 4(j) who reviews Confidential Information or Highly Confidential Information. The parties to this litigation shall be allowed to disclose Confidential Information or Highly Confidential Information to such persons unless, within seven (7) business days after the identity of the retained person (and, for paragraphs 4(d), 4(e), 4(f) and 4(g), a curriculum vitae of the retained person) has been provided to the opposing party, the opposing party objects to the disclosure of Confidential Information or Highly Confidential Information to the particular person. If objection to disclosure is made within the seven (7) business days, the objecting party shall, no later than five (5) business days after objection, petition the Court for an order prohibiting the disclosure at issue. The objecting party shall have the burden of persuasion that disclosure should not be made. If an objection is made,

no Confidential Information or Highly Confidential Information shall be made available to the particular person until after the Court rules that disclosure can be made.

b. Before receiving any Confidential Information or Highly Confidential Information, the person shall be furnished with a copy of this Protective Order and shall acknowledge, by executing the acknowledgment form attached hereto as Exhibit B, that he or she has read this Protective Order, understands it, and agrees to be bound by it, and also expressly consents to the jurisdiction of this Court in connection with any proceeding or hearing relating to such Confidential Information or Highly Confidential Information or to this Protective Order, including any proceeding relating to the enforcement of the Order.

c. Outside counsel for the Receiving Party shall retain a copy of each such written list (Exhibit A) and acknowledgment form (Exhibit B), and shall serve opposing counsel with a copy of such upon request.

7. Notwithstanding anything to the contrary, Confidential and Highly Confidential materials produced by a Defendant shall not be made available to representatives of another Defendant pursuant to paragraphs 4(c), 4(e), 4(g) or 4(j), without the consent of the producing Defendant or order of the Court, which shall be given where justice so requires.

8. Confidential Information and Highly Confidential Information, and the substance or context thereof, including any notes, memoranda or other similar documents relating thereto, shall be used solely for the purpose of this Action, any appeals therefrom, and any other litigation

involving the patents-in-suit in these actions, foreign counterparts to the patents-in-suit, and any other patent based in whole or in part ono the disclosures of the patents-in-suit or their foreign counterparts; and shall not be made available, or disclosed, or summarized to any persons, including the parties, other than as permitted by paragraphs 4-7 of this Protective Order. Confidential Information and Highly Confidential Information shall be maintained by the Receiving Party under the overall supervision of outside counsel.

9. Any person in possession of Confidential Information or Highly Confidential Information shall exercise reasonably appropriate care with regard to the storage, custody or use of such Confidential Information or Highly Confidential Information in order to ensure that the confidential or highly confidential nature of the same is maintained.

10. If Confidential Information or Highly Confidential Information is disclosed to anyone other than in a manner authorized by this Protective Order, the party responsible for such disclosure must immediately bring all pertinent facts relating to such disclosure to the attention of the Designating Party of the Confidential Information or Highly Confidential Information, and make every reasonable effort to retrieve such Confidential Information or Highly Confidential Information and to prevent further disclosure.

11. When Confidential Information or Highly Confidential Information is discussed, quoted or referred to in any deposition, the disclosing party shall ensure that only persons permitted by paragraphs 4-7 of this Protective Order to have access to such Information are

present. The use of any such Confidential Information or Highly Confidential Information for the purpose of any hearing or trial which is open to the public is not addressed at this time, but will be the subject of future agreement or order as the need may arise.

12. During the course of preparing for a deposition or testimony, the deponent/witness may be shown Confidential Information or Highly Confidential Information from the opposing parties' documents strictly limited to those documents which on their face reveal that they were authored or received in the normal course of business by the deponent/witness. Use of Confidential Information or Highly Confidential Information during a deposition shall be subject to compliance with this Order.

13. Any deposition transcript containing Confidential Information or Highly Confidential Information shall be marked on the cover as "CONFIDENTIAL PURSUANT TO PROTECTIVE ORDER" or "HIGHLY CONFIDENTIAL PURSUANT TO PROTECTIVE ORDER," as appropriate, and shall indicate as appropriate within the transcript what information has been so designated. The stenographic reporter shall be requested prior to the deposition (where the attorneys have reason to believe the testimony will contain Confidential Information or Highly Confidential Information) or when the Confidential Information or Highly Confidential Information is disclosed (when not previously anticipated) to separate those portions of the transcript containing confidential information and separately bind it from the non-confidential portions. A party may designate any portion or all (if appropriate) of the transcript

as containing Confidential Information or Highly Confidential Information by so advising, with reasonable precision as to the affected testimony, the deposition reporter, who shall accordingly indicate in the deposition transcript what portion(s) of the testimony (or exhibits thereto) were so designated, or by so advising all other parties in writing, and with page and line designations, within twenty (20) business days after receipt of the transcript. Until twenty (20) business days have passed after the receipt of any transcript, that entire transcript shall be deemed to be Highly Confidential. In the event of disagreement about the Confidential status of a deposition transcript, it shall continue to be treated as "Highly Confidential" or "Confidential," whichever protection is being sought, until this Court rules otherwise.

14. Any pleading, paper or other document filed in this action which contains or discloses Confidential Information or Highly Confidential Information shall be filed under seal and shall be maintained under seal according to the terms of this Protective Order or as otherwise determined by the Court. When filing pleadings which contain Confidential Information or Highly Confidential Information, the party so filing shall designate the following on the first page of filed documents: "UNDER SEAL - SUBJECT TO PROTECTIVE ORDER - CONTAINS CONFIDENTIAL OR HIGHLY CONFIDENTIAL MATERIAL".

15. Entering into, agreeing to and/or producing or receiving Confidential Information or Highly Confidential Information or otherwise complying with the terms of this Protective Order shall not:

a. Operate as an admission by any party that any Discovery Material designated as Confidential Information or Highly Confidential Information contains or reflects trade secrets or any other type of confidential or proprietary information entitled to protection under applicable law;

b. Prejudice in any way the rights of any party to object to the production of documents it considers not subject to discovery, or operate as an admission by any party that the restrictions and procedures set forth herein constitute adequate protection from any particular information deemed by any party to be Confidential Information or Highly Confidential Information.

c. Prejudice in any way the rights of any party to object to the authenticity or admissibility into evidence of any document, testimony or the evidence subject to this Protective Order;

d. Prejudice in any way the rights of any party to seek a determination by the Court whether any Discovery Material or Confidential Information or Highly Confidential Information should be subject to the terms of this Protective Order;

e. Prejudice in any way the rights of any party to petition the Court for a further protective order relating to any purportedly Confidential Information or Highly Confidential Information;

f. Prejudice in any way the rights of any party to petition the Court for permission to disclose particular Confidential Information or Highly Confidential Information more broadly than would otherwise be permitted by the terms of this Protective Order; or

g. Prevent any party from agreeing to alter or waive the provisions or protections provided for herein with respect to any particular Discovery Material.

16. The signing of this Protective Order or failure of a party, at the time it receives Discovery Materials designated as Confidential Information or Highly Confidential Information, to challenge or object to the Confidential or Highly Confidential Information designations shall not be deemed a waiver of its right to challenge or object to the Confidential or Highly Confidential Information designations at any later time. Any party may at any time challenge the designation of any Discovery Materials as Confidential or Highly Confidential Information and may request permission to disclose information with Confidential or Highly Confidential designations other than as permitted, pursuant to this paragraph by serving (by facsimile transmission) a written request upon counsel for the producing party at least ten (10) business days before the date of the proposed disclosure and by providing telephonic notice of such request on the same date as the facsimile is transmitted. Such request shall specifically identify the Confidential Information or Highly Confidential Information, including bates label, sought to be disclosed and the name, title and function of the person to whom disclosure is desired to be made. The producing party shall thereafter respond to the request in writing within six (6)

business days after receipt of same. Absent good cause shown, a failure to respond within such time shall constitute consent to the request. If, where consent has been withheld, the parties are subsequently unable to agree on the terms and conditions of disclosure, the matter may be submitted to the Court for resolution by the party seeking disclosure. Disclosure shall be postponed until a ruling has been obtained from the Court.

17. Notwithstanding any default provisions of this Protective Order providing for confidential treatment, in the event of disagreement, the party asserting confidentiality shall have the burden of proving that the information at issue is entitled to the protection of this Protective Order.

18. All provisions of this Protective Order restricting the use of information obtained during discovery shall continue to be binding on the parties and all persons who have executed acknowledgment forms pursuant to paragraph 6 of this Protective Order, after the conclusion of this action, including all appeals, until further Order of the Court, unless the parties agree otherwise in writing. Any and all originals and copies of Discovery Materials designated Confidential or Highly Confidential shall, at the request of the producing party, be returned to the party within sixty (60) days after a final judgment herein or settlement of this Action, or, at the option of the producing party, destroyed in that time frame, except that outside counsel for each party may maintain in its files one copy of each pleading filed with the Court, each deposition together with the exhibits marked at the deposition and documents constituting work product

which were internally generated based upon Confidential Information or Highly Confidential Information. In the event that outside counsel maintains such documents, it shall not disclose material containing any type of Confidential Information or Highly Confidential Information to any third parties absent subpoena or court order. Upon receipt of any subpoena for such information, the party receiving the subpoena shall immediately notify outside counsel for the other party of the subpoena so that the latter may protect its interests. In the event that documents are returned to or destroyed at the request of the producing party, the other party or its outside counsel shall certify in writing that all such documents have been returned or destroyed, as the case may be.

19. The inadvertent production of any privileged or otherwise protected or exempted information, as well as the inadvertent production of information without an appropriate designation of confidentiality, shall not be deemed a waiver or impairment of any claim or privilege or protection including but not limited to the attorney-client privilege, the protection afforded to work-product materials or the subject matter thereof, or the confidential nature of any such information. The producing party shall immediately notify the opposing party in writing when inadvertent production is discovered. Upon receiving written notice from the producing party that privileged information or work-product material has been inadvertently produced, all such information, and all copies thereof, shall be kept by counsel for the Receiving Party and counsel shall not use such information for any purpose until further Order of the Court. The

party producing such material may then move the court for an Order compelling return of the material. Any analyses, memoranda or notes which were internally generated based upon such inadvertently-produced information shall immediately be treated in conformance with the protected nature of the information.

20. Any violation of the terms of this Protective Order shall be punishable by money damages, interim or final injunctive or other equitable relief, sanctions, contempt of court citation, or such other or additional relief as deemed appropriate by the Court.

21. Until such time as this Protective Order has been entered by the Court, the parties agree that upon execution by the parties, it will be treated as though it had been "So Ordered."

22. Third parties who produce information in this Action may avail themselves of the provisions of this Protective Order and Discovery Material produced by third parties shall be treated by the parties in conformance with this Protective Order.

23. The references to "Plaintiffs" and "Defendants" in this Protective Order are for convenience and are of no significance for other purposes, including, for example, determining trial presentation order.

24. The Court retains jurisdiction subsequent to settlement or entry of judgment to enforce the terms of this Protective Order.

AGREED:

OF COUNSEL:

DRAFT

August 28, 1998

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Dated: September __, 1998

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DRAFT

August 28, 1998

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Attorneys for Arterial Vascular Engineering, Inc.

SO ORDERED:

Judge

DRAFT
August 28, 1998

EXHIBIT A

LIST OF QUALIFIED PERSONS, paragraphs 4(d), 4(e), 4(f), 4(g) and 4(j)

NAME	BUSINESS ADDRESS	OCCUPATION/TITLE

DRAFT

August 28, 1998

EXHIBIT B

IN THE UNITED STATES DISTRICT COURT
FOR THE DISTRICT OF DELAWARE

CORDIS CORPORATION and EXPANDABLE GRAFTS PARTNERSHIP, Plaintiffs, v. ADVANCED CARDIOVASCULAR SYSTEMS, INC., GUIDANT CORPORATION, ARTERIAL VASCULAR ENGINEERING, INC., BOSTON SCIENTIFIC CORPORATION, and SCIMED LIFE SYSTEMS, INC., Defendants.	)	C.A. No. 97-550-SLR
ARTERIAL VASCULAR ENGINEERING, INC., Plaintiff, v. CORDIS CORPORATION, JOHNSON & JOHNSON and EXPANDABLE GRAFTS PARTNERSHIP, Defendants.	)	C.A. No. 97-700-SLR

DRAFT

August 28, 1998

BOSTON SCIENTIFIC CORPORATION, Plaintiff, v. ETHICON, INC.; CORDIS CORPORATION; and JOHNSON & JOHNSON INTERVENTIONAL SYSTEMS CO., Defendants.	)	Civil Action No. 98-19-SLR
CORDIS CORPORATION, Plaintiff, v. BOSTON SCIENTIFIC CORPORATION and SCIMED LIFE SYSTEMS, INC. Defendants.	)	C.A. No. 97-197-SLR

I hereby certify (i) my understanding that Discovery Material and/or Confidential and/or Highly Confidential Information are being provided to me pursuant to the terms and restrictions of the Protective Order (the "Order") entered by the United States District Court for the District of Delaware (the "District Court") in these Actions, and (ii) that I have read the Order. I understand the terms of the Order, I agree to be fully bound by the Order, and I hereby submit to

the jurisdiction of the District Court for purposes of enforcement of the Order. I understand that violation of the Order may be punishable by contempt of Court.

Dated: _____ Signature: _____

Name: _____

Address: _____

_____

_____

Ex. M

A.I. CREDIT CORP., Plaintiff,
v.
PROVIDENCE WASHINGTON INSURANCE CO., INC., et al., Defendants.

No. 96 Civ 7955 (AGS)(AJP).

United States District Court,
S.D. New York.

May 7, 1997.

OPINION AND ORDER

PECK, United States Magistrate Judge:

*1 A.I. Credit Corp. ("AICCO"), a commercial credit company, delivered over $400,000 in loan proceeds to defendant Drao Insurance Agency, earmarked for insurance policies with defendant Providence Washington Insurance Company. Defendant William H. Martoccia, Inc. is an insurance agent that acted for Providence Washington. The complaint alleges that Drao converted the funds. Neither Drao nor its principal, defendant Charles Drao, have appeared in this action. Providence Washington and Martoccia originally appeared with separate counsel. They thereafter entered into a joint defense agreement, and moved to "change" attorneys so that one counsel (Martoccia's original counsel) would represent both Martoccia and Providence Washington. Judge Schwartz "so ordered" the request, and AICCO has moved for reconsideration. The Court finds that there is no conflict between Providence Washington and Martoccia, and denies AICCO's motion to reconsider the Court's consent for one counsel to represent both Martoccia and Providence Washington.

ANALYSIS

The Code of Professional Responsibility prohibits dual representation of clients with "conflicting" interests:

DR 5-105 Refusing to Accept or Continue Employment if the Interests of Another Client May Impair the Independent Professional Judgment of the Lawyer.

A. A lawyer shall decline proffered employment if the exercise of independent professional judgment in behalf of a client will be or is likely to be adversely affected by the acceptance of the proffered employment, or if it would be likely to involve the lawyer in representing differing interests, except to the extent permitted under DR 5-105(C).

B. A lawyer shall not continue multiple employment if the exercise of independent professional judgment in behalf of a client will be or is likely to be adversely affected by the lawyer's representation of another client, or if it would be likely to involve the lawyer in representing differing interests, except to the extent permitted under DR 5-105(C).

C. In the situations covered by DR 5-105(A) and (B), a lawyer may represent multiple clients if it is obvious that the lawyer can adequately represent the interest of each and if each consents to the representation after full disclosure of the possible effect of such representation on the exercise of the lawyer's independent professional judgment on behalf of each.

DR 5-105(A)-(C), 22 N.Y.C.R.R. § 1200.24.

Motions to disqualify opposing counsel are viewed with disfavor. E.g., Berman v. Parco, 96 Civ. 0375, 1996 WL 465749 at *5 (S.D.N.Y. Aug.15, 1996) (Peck, M.J.); Paramount Communications, Inc. v. Donaghy, 858 F.Supp. 391, 394 (S.D.N.Y.1994); Clark v. Bank of New York, 801 F.Supp. 1182, 1196 (S.D.N.Y.1992); 1 M. Silberberg, Civil Practice in the Southern District of New York § 4.18 at p. 4-20 (1996). The principal reason for this is that disqualification of counsel impinges on a party's right to employ counsel of choice. E.g., Evans v. Artek Sys. Corp., 715 F.2d 788, 791 (2d Cir.1983); Government of India v. Cook Indus., Inc., 569 F.2d 737, 739 (2d Cir.1978); Berman v. Parco, 1996 WL 465749 at *5; Stratavest Ltd. v. Rogers, 903 F.Supp. 663, 666 (S.D.N.Y.1995); 1 M. Silberberg, Civil Practice in the Southern District of New York § 4.18 at p. 4-20. Moreover, the courts recognize that motions to disqualify are "often interposed for tactical reasons." E.g., Berman v. Parco, 1996 WL 465749 at *5; Clark v. Bank of New York, 801 F.Supp. at 1196; Kubin v. Miller, 801

F.Supp. 1101, 1112 (S.D.N.Y.1992).

*2 Courts require the party seeking disqualification of opposing counsel to meet a high standard of proof before disqualification may be granted. E.g., Evans v. Artek Sys. Corp., 715 F.2d 791; Government of India v. Cook, 569 F.2d at 739; Berman v. Parco, 1996 WL 465749 at *5; Stratavest Ltd. v. Rogers, 903 F.Supp. at 666; Paramount v. Donaghy, 858 F.Supp. at 394; Kubin v. Miller, 801 F.Supp. at 1113, 1 M. Silberberg, Civil Practice in the Southern District of New York § 4.18 at p. 4-20. "Mere speculations will not suffice." Paretti v. Cavalier Label Co., 722 F.Supp. 985, 987 (S.D.N.Y.1989); see also, e.g., Berman v. Parco, 1996 WL 465749 at *5; Paramount v. Donaghy, 858 F.Supp. at 394.

Here, the facts do not show any conflict between Providence Washington and Martoccia. Martoccia "acted as an agent for its principal," Providence Washington. (See 4/8/97 Letter to Court from Peter Cotelidis, counsel for Martoccia.) Martoccia acknowledges that "[a]pplying traditional rules of agency law, a principal is generally charged with and bound by the knowledge acquired or notice received by the agent while acting within the scope of his authority.... As a consequence, the interests of [Martoccia] and [Providence Washington], when considered within the context of the allegations and issues raised by this litigation, are inextricably tied together." (Id.)

The principal-agent relationship would not mean a complete identity of interest if the principal could have a claim for indemnification against the agent (e.g., for the agent's negligence). That potential conflict is obviated here because the Agency Agreement between Martoccia and Providence Washington requires Martoccia to indemnify Providence Washington if AICCO prevails at all here: "In the event that AICCO should prevail in any aspect of this litigation, [Martoccia] is obligated pursuant to the terms contained in the Agency Agreement to indemnify and hold [Providence Washington] harmless therefrom." (4/8/97 Cotelidis Letter to Court.)

Plaintiff claims that Martoccia and Providence Washington have "differing" and "deeply divergent" interests. (4/1/97 Letter to Court from Arthur H. Aufses III, plaintiff's counsel.) But the only "difference" identified by plaintiff is that "Martoccia concedes it had a written agreement with Drao" while Providence Washington "denies that it had any agreement" or indeed any communication with Drao. (Id.) Since Martoccia is Providence Washington's agent, however, that distinction is of no legal significance.

Martoccia's counsel states:
Contrary to what may be asserted by the plaintiff, it is quite apparent that there is no real, or even potential conflict of interest between WHM [Martoccia] and PW [Providence Washington]. By applying the general rules of agency stated hereinabove, the ultimate outcome of this litigation will be that either 1) WHM and PW are not liable or 2) WHM and PW are liable, in which case, under scenario 2), WHM will be required to indemnify PW.
*3 (4/8/97 Cotelidis Letter to Court.) The Court agrees.

Plaintiff AICCO principally relies on Jerry Vogel Music Co. v. Edward B. Marks Music Corp., 82 Civ. 6511, 1985 WL 3392 (S.D.N.Y. Oct.23, 1985). In that case, although Marks had agreed to indemnify Readers Digest, the conflict between them was not hypothetical but apparent. Marks' counsel had written to Readers Digest demanding certain files, and Marks filed a cross-claim against Readers Digest claiming that it had no duty to indemnify Readers Digest because of the latter's failure to cooperate. The Court found that the file dispute alone justified Readers Digest in retaining separate counsel. Moreover, the Court also found that the "defendants are unlikely to present a united front in defending this action" because of claims for willful copyright infringement against Marks but not against Readers Digest. 1985 WL 3392 at *5. Finally, Readers Digest did not consent to joint representation. 1985 WL 3392 at *6.

The present case is more like Agee v.

Paramount Communications, Inc., 853 F.Supp. 778 (S.D.N.Y.1994), aff'd in part on other grounds, rev'd in part on other grounds, 59 F.3d 317 (2d Cir.1995). Agee sued Paramount and 108 television stations for copyright infringement in connection with an episode of the program "Hard Copy" produced by Paramount. The same law firm represented all the defendants, and plaintiff Agee moved to disqualify defense counsel. Because Paramount was contractually obligated to defend and indemnify the stations, the Court denied the disqualification motion, stating:

> Moreover, while plaintiff would have us believe that some future conflict might arise as a result of this representation, the court views his contentions as a mere smokescreen to cloud the common interest of the defendants in this case. Clearly, if the defendants were found liable under the Copyright Act, Paramount must indemnify each of the television station owners in addition to paying its own allocated share of the costs. Moreover, regardless of the outcome of the case, Paramount would be required under the license agreement to reimburse the TV defendants for reasonable attorney's fees. There are no adverse interests in this case and there is no confidential information that would unfairly impair defense counsel's representation of any party. Paramount is ultimately liable regardless of whether the TV stations are represented by Paul, Weiss or their own attorneys and it is precisely because of this mutual interest that defendants have selected one law firm to represent them.

853 F.Supp. at 784. Since plaintiff Agee "presented no evidence that an actual conflict of interest exists," the Court denied the disqualification motion. Id.

Here, unlike Jerry Vogel Music, there is no conflict between Providence Washington and Martoccia. Rather, like Agee, because of the indemnification agreement, plaintiff has not demonstrated that a conflict between Providence Washington and Martoccia exists. Moreover, both Providence Washington and Martoccia have consented to joint representation. As Martoccia's counsel informed the Court, the "joint defense agreement [between Providence Washington and Martoccia] was entered into after both parties had the benefit of their own independent legal counsel and following full disclosure, and with due consideration having been given to the concept of a joint defense." (4/8/97 Cotelidis Letter to Court.) While client consent may not be enough where a conflict is apparent, here, where plaintiff has not shown that there is or even may be a conflict, the consent of the defendants to joint representation is significant. See, e.g., Fischer v. Deitsch, 198 A.D.2d 327, 328, 605 N.Y.S.2d 703, 704 (2d Dep't 1993) ("Moreover, [counsel] has represented to this court that all of the parties which he represents ... have been made aware of his representation of multiple parties and have consented to it. Under such circumstances, disqualification is not necessary."), appeal dismissed, 83 N.Y.2d 1001, 616 N.Y.S.2d 481, 640 N.E.2d 149 (1994); see also, e.g., Conigliaro v. Horace Mann School, 95 Civ. 3555, 1997 WL 189058 at *6 (S.D.N.Y. April 17, 1997) ("Nevertheless, so long as Hess remains a defendant in this litigation, his representation of the other defendants raises the potential for a conflict of interest.... I need not.. preclude the parties from employing the attorney of their choice. Rather, I must determine if the other defendants give their informed consent to the present arrangement."); Bonner v. Guccione, 94 Civ. 7735, 1997 WL 91070 at *2 (S.D.N.Y. March 3, 1997) ("Sometimes a conflict is so severe that a court will refuse to accept a waiver. The conflict in our case is not so severe.") (citations omitted); Smith v. City of New York, 611 F.Supp. 1080, 1091 (S.D.N.Y.1985) ("No case cited by the plaintiff or uncovered by my own research condemns multiple representation in circumstances resembling those at bar. On the contrary: there is substantial authority for the proposition that ... potential conflicts of interest are adequately dealt with by the clients' informed consent, thereby precluding disqualification....").

*4 AICCO further contends that "we continue to believe that the defendants' application should be denied, but at a minimum, we urge that the Court enter an order that would

ensure that Martoccia and Providence Washington will take identical positions throughout the action." (4/15/97 Letter to Court from Arthur H. Aufses III.) It is not necessary for the Court to enter such an order. The statements in counsel's letters to the Court are admissible as party admissions. Moreover, if defendants change their position--and particularly if an actual conflict arises--the disqualification issue can be re-visited.

Finally, AICCO contends that the Court should defer decision until AICCO receives and "explores" the joint defense agreement. Waiting would only leave defendants in representational limbo. Moreover, it is unlikely that AICCO will be provided any discovery of or about the joint defense agreement, since joint defense agreements are generally considered privileged. See, e.g., United States v. Bicoastal Corp., 92-CR-261, 1992 WL 693384 at *6 (N.D.N.Y. Sept.28, 1992) ("This court does find that the disclosure of the existence of such an [joint defense] agreement would be an improper intrusion into the preparation of the defendants' case. Thus, this court will deny any motion by the Government to be provided with any joint defense agreement should one exist.").

CONCLUSION

For the reasons set forth above, Providence Washington and Martoccia may be represented by the same counsel (Peter Cotelidis), and plaintiff's motion for reconsideration is denied.

SO ORDERED.

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Ex. N

O.S. deBRAAK, LTD., deBRAAK Enterprises, Inc., Sub-Sal, Inc., and L. John Davidson, Plaintiffs,
v.
WEYMOUTH EQUIPMENT CORP., Sea Hunt Corp., and James M. Cashman, Defendants.

Civ. A. No. 86-404-CMW.

United States District Court, D. Delaware.

September 30, 1987.

Bayard J. Snyder, of Phillips & Snyder, Wilmington, Delaware, for plaintiffs.

Robert Aulgur, Jr., of Whittington & Aulgur, Smyrna, Delaware, for defendants; Timothy R. McHugh, of Hoch, McHugh & Murphy, Boston, Massachusetts, of counsel.

OPINION

CALAB M. WRIGHT, Senior District Judge.

BACKGROUND

*1 This Motion to Disqualify Defendants' Counsel is part of the pretrial proceedings in a contract dispute constituting one of several consolidated cases centering on a treasure-laden sunken ship, H.M.S. deBRAAK. Plaintiff, O. S. deBraak, Ltd. ('OSD'), and defendant, Sea Hunt Corp. ('Sea Hunt'), entered into a Salvage Agreement under which Sea Hunt was to provide manpower and equipment for OSD's efforts to salvage the deBRAAK. OSD filed a complaint on August 28, 1986, alleging that Sea Hunt had breached the Salvage Agreement.

At the heart of OSD's breach-of-contract claim is its contention that the equipment supplied by Sea Hunt did not perform as Sea Hunt had represented that it would. As OSD would have it, Sea Hunt warranted, as a part of its contract with OSD, that the large dredge, barges, and tug boat it supplied could lift 2,500 cubic yards of dredge material to the surface in less than 168 hours of dredging operation, the amount of time for which the equipment was to be supplied. This representation of the equipment's capacity concedely does not appear in the written Salvage Agreement. OSD asserts, however, that the entire agreement between the parties includes oral representations made in the course of the negotiating sessions, most notably, Sea Hunt's alleged representation as to the equipment's capacity. Sea Hunt's counsel, Timothy R. McHugh, was present at one or more of these sessions, and he drafted the Salvage Agreement. OSD urges the Court to consider McHugh a necessary witness and disqualify him under The Delaware Lawyers' Rules of Professional Conduct, Rule 3.7, which specifies, subject to exceptions, that a lawyer shall not act as both advocate and witness. [FN1] The Court declines to do so.

DISCUSSION

Disqualifying McHugh as a necessary witness would require several leaps in analysis. If McHugh were truly a necessary witness, it would be because the Court had determined that the Salvage Agreement was not a complete integrated agreement, [FN2] but rather, was one that required augmentation by reference to the parties' oral exchange. See Restatement (Second) of Contracts § 216 (1981); cf. id. § 202. In addition to considering the Salvage Agreement to be non-integrated, the Court would have determined that the testimony of the several parties besides McHugh who were present at the negotiating sessions would not be sufficient to establish what representations were made and whether there was reliance on these representations. [FN3]

However, the Court has made no such determinations. The Court begins by noting that the Salvage Agreement contained a merger or integration clause stating:

> This instrument contains the entire and only agreement between the parties and no oral statement or representations or prior written material not contained in this instrument shall have any force and [sic] effect.

Salvage Agreement ¶16. The effect of this integration clause must be determined

according to Massachusetts law, since the contract was entered into in Massachusetts. Scott Douglas Corp. v. Greyhound Corp., 304 A.2d 309, 315 (Del. 1973). Under Massachusetts law, the question is one of fact to be decided by the judge. Wang Laboratories v. Docktor Pet Centers, 422 N.E.2d 805, 809 (Mass.App. 1981). See also Restatement (Second) of Contracts § 209 comment c (1981). Factors to be weighed in determining whether or not the merger clause is to be enforced may include the nature of exploratory contracts between the parties, the formal negotiations, the presence of counsel, and the business experience and acumen of the parties. See Scott Douglas Corp., 304 A.2d at 316 (applying Michigan Law).

*2 Here, the Court notes that the Salvage Agreement was entered into after careful negotiation by the parties, each of whom was dealing within its own area of expertise, and each of whom was represented by counsel at the negotiations. [FN4] It does not appear to the Court at this point that a specification of the capacity of the dredging equipment is a term that would, if critical to the agreement and fully negotiated by the parties, normally be omitted from the contract. Even if parol evidence becomes necessary or permissible at a later point to explain or clarify terms of the contract, [FN5] no special need appears for McHugh, rather than the other individuals present at the negotiating sessions, to testify. Disqualifying McHugh at this point because his testimony may prove useful in explaining or clarifying the Salvage Agreement at some undetermined juncture would be imprudent, at the least. Such a step would be contrary to the principle that disqualification is a measure to be taken only after a cautious examination of the circumstances has shown it to be necessary. [FN6] Brotherhood Ry. Carmen, 549 F.Supp. at 786.

For the above reasons, Plaintiffs' Motion to Disqualify is denied without prejudice. An Order will issue in conformity with this Opinion.

FN1 Rule 3.7 provides:
(a) A lawyer shall not act as advocate at a trial in which the lawyer is likely to be a necessary witness except where:
(1) the testimony relates to an uncontested issue;
(2) the testimony relates to the nature and value of legal services rendered in the case; or
(3) disqualification of the lawyer would work substantial hardship on the client.
(b) A lawyer may act as advocate in a trial in which another lawyer in the lawyer's firm is likely to be called as a witness unless precluded from doing so by Rule 1.7 or Rule 1.9.
The Delaware Lawyers' Rules of Professional Conduct, Rule 3.7 (effective October 1, 1985).

FN2 Although McHugh's testimony would certainly be admissible to aid in determining whether the contract was integrated, Restatement (Second) of Contracts § 214(a) and (b) (1981), the Court does not find his testimony to be indispensable, or even necessary, to this determination, so as to disqualify him. See discussion infra.

FN3 OSD claims that McHugh's legal training makes him especially able to discern the likelihood of reliance by OSD on Sea Hunt's alleged representations. The Court doubts that a legal background imbues one with any special ability in this regard, given that reasonable reliance constitutes a question of fact. Brother-hood Ry. Carmen v. Delpro Co., 549 F.Supp. 780 (D.Del. 1982), which OSD cites for its proposition that McHugh would be particularly well suited to testify on this issue, is distinguishable. In that case, the Court noted that the lawyer present at negotiations in which legal issues were being discussed would be an 'astute observer.' Id. at 788.
Even if McHugh, as a lawyer, would make a significantly more able witness than the other parties present at the negotiations, the Court notes in any case that OSD was represented in some of the negotiations by another attorney, Bob Steuk, who is not currently involved in this case, and who could be called upon to make any desired lawyerly observations.

FN4 The Court rejects plaintiffs' suggestion that McHugh acted unethically by not preventing plaintiffs from signing a written agreement that did not contain a capacity term.

FN5 For example, parol evidence might be needed to elucidate the Salvage Agreement's terms by

reference to course of performance, course of dealing, or usage of trade. See Restatement (Second) of Contracts §§ 220, 221, 222 (1981).

FN6 Neither should a motion to disqualify opponents' counsel be made as a part of litigation strategy. See The Delaware Lawyers' Rules of Professional Conduct Preamble: Scope 3 (effective October 1, 1985); J. P. Foley & Co., Inc. v. Vanderbilt, 523 F.2d 1357, 1360 (2d Cir. 1975) (Gurfein, J., concurring).

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1994 U.S. Dist. LEXIS 20714 printed in FULL format.

MOTOROLA, INC., Plaintiff, vs. INTERDIGITAL TECHNOLOGY CORPORATION, Defendant.

Civil Action No. 93-488-LON

UNITED STATES DISTRICT COURT FOR THE DISTRICT OF DELAWARE

1994 U.S. Dist. LEXIS 20714

December 19, 1994, Decided

CORE TERMS: patent, confidential information, protective order, in-house, prosecute, prosecuting, confidential, inadvertent, disclosure, outside counsel, hardship, protective, pendency, gained, dual, scientific research, present litigation, subject matter, ethical, competitive, involvement, prosecuted, civil action, disqualified, designated, distil, attorney of record, compartmentalize, continuation, concealment

COUNSEL: [*1] Jeffrey B. Bove, Esquire of Connolly, Bove, Lodge & Hutz, Wilmington, Delaware; Of Counsel: Gary M. Hoffman, Esquire and Howard N. Feldman, Esquire of Dickstein, Shapiro & Morin, Washington, D.C.; Attorneys for Plaintiff.

Richard K. Herrmann, Esquire of Bayard, Handelman & Murdoch, Wilmington, Delaware; Of Counsel: Robert G. Krupka, Esquire and Linda S. Resh, Esquire of Kirkland & Ellis, Chicago, Illinois; Attorneys for Defendant.

JUDGES: Joseph J. Longobardi, D.J.

OPINIONBY: Joseph J. Longobardi

OPINION: MEMORANDUM OPINION

December 19, 1994
Wilmington, Delaware

Joseph J. Longobardi

I. NATURE AND STAGE OF THE PROCEEDINGS

This suit involves patent claims relating to the mobile telephone industry. On October 8, 1993, Motorola filed a civil action seeking declaratory relief, Motorola, Inc., v. Interdigital Technology Corporation, Civil Action ("C.A.") No. 93-488-*LON, 1994 U.S. Dist. LEXIS 20714.* On October 12, 1993 Interdigital Technology Corporation, ("ITC"), filed a patent infringement claim arising out of the same patents, Interdigital Technology Corporation v. Motorola, Inc., C.A. No. 93-5430, in the Eastern District of Pennsylvania. On February 17, 1994, the Eastern District case was [*2] transferred to this Court and designated C.A. No. 94-73. On September 22, 1994, the two actions were consolidated, with 93-488 designated as the lead case.

Presently before the court is Motorola's letter of September 21, 1994, ("Motorola letter") and ITC's response letter of September 23, 1994, regarding the dual roles performed by the firm Dickstein, Shapiro & Morin ("DS&M"). DS&M is lead trial counsel for ITC in this action, and as such is entitled by the protective order to receive Motorola's confidential information. DS&M also prosecutes patents for ITC in the PTO. Motorola seeks to amend the protective order in this case to ensure that no DS&M attorneys who prosecute patent applications for ITC in the patents in suit have access to Motorola's confidential information. On September 28, 1994, both parties argued this issue before the Court.

II. FACTS

On October 8, 1993, Motorola filed its claim in this present action. Docket Item ("D.I.") 1. One week later, on October 15, 1993, DS&M became attorneys of record for several ITC patent applications, "including four United States continuation or divisional applications which take their parentage from the patents in suit." [*3] D'Amico Affidavit, at 2-3. Prior to October 15, 1993, Kenyon & Kenyon had been attorney of record for these patent applications.

On March 4, 1994, a protective order was entered in this case. D.I. 35. The protective order provided that DS&M was to have access to Motorola's confidential information. n1 The protective order did not specifically deny access to DS&M attorneys who prosecuted patent applications for ITC. The Court accepts as true Mr. D'Amico's representation that to date, none of the DS&M attorneys who have drafted claim revisions to any of the four continuation/divisional applications

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had access to Motorola's confidential information while preparing those revisions. D'Amico Affidavit P 6.

n1 "Confidential Information shall be given, shown, disclosed, made available or communicated only to: . . . (a). . . (i) Partners and associates of Dickstein, Shapiro & Morin, and stenographic, clerical, and/or paralegal employees of those attorneys whose functions require access to Confidential Information."

[*4]

Motorola claims that, at the time the protective order was entered, Motorola "reasonably believed" that Kenyon & Kenyon was the law firm responsible for prosecuting any patent applications in this case. Motorola letter at 3. Moreover, Motorola alleges that on at least two occasions, DS&M concealed the fact that they were prosecuting patents for ITC. On February 9, 1994, both parties argued the issue of whether Mr. Bramson, in-house counsel for ITC, should have access to Motorola's confidential information under the protective order. Motorola implies that DS&M should have disclosed its patent prosecution representation at that time. Later, on August 10, 1994, ITC and Motorola entered into a stipulation which enabled two lawyers from Cushman, Darby & Cushman ("CD&C") (co-counsel for ITC) to obtain access to confidential information under the protective order. As a condition for this access, the two CD&C attorneys agreed "to refrain from prosecution of patent applications directed to mobile digital telephone communication equipment and processes during the pendency of this case and until one year after the conclusion of this litigation." D.I. 69. Again, Motorola implies that ITC should [*5] have disclosed its patent prosecution representation at this time.

ITC denies these allegations of improper concealment. Mr. Hoffman of DS&M states, "during the course of the parties' negotiations over Robert Bramson's access to certain Motorola documents, I believe I told counsel for Motorola that DS&M was prosecuting patents for ITC." Hoffman Affidavit at 4, P7. With respect to the CDC stipulation, Mr. Hoffman states that ITC consented to the stipulation in order to save time and expense, not because it agreed with Motorola's position. Hoffman Affidavit at 4-5, P8. n2 Moreover, counsel for ITC seem to have been guided at all times by their belief that no restriction exists on an outside counsel's ability to prosecute patent applications involving the technology related to the patents at issue. D'Amico Affidavit P9; Hoffman Affidavit P3; D.I. 86, at 109 (Mr. Bove stating that in his mind, there was always a clear distinction between inside and outside counsel).

n2 Mr. Hoffman's statement is supported by Mr. Bove's letter of August 8, 1994 to Mr. Hermann of Bayard, Handelman & Murdoch (local counsel for Motorola): "So the record is clear, we are providing this [CD&C] Stipulation at Motorola's request in order to avoid burdening the Court with what we perceive is a improper position taken by Motorola." ITC letter, Exhibit G.

[*6]

For purposes of this opinion, the Court accepts as true the representations by ITC's various attorneys that there was no intentional concealment of DS&M's dual role. Nevertheless, an important issue is now before the Court which the Court is compelled to resolve.

III. Discussion

In a patent case, maintaining the integrity of the protective order is an especially serious concern. "Courts dress technical information with a heavy cloak of judicial protection because of the threat of serious economic injury to the discloser of scientific information." *Safe Flight Instrument Corp. v. Sundstrand Data Control, Inc., 682 F. Supp. 20 (D. Del. 1988).* Motorola argues that its confidential information will be inadequately protected if DS&M attorneys who have access to the confidential information also prosecute ITC patents. Motorola fears that it is impossible for DS&M attorneys to compartmentalize the knowledge gained from reviewing Motorola's confidential documents and that the confidential knowledge gained will inevitably be used in prosecuting ITC's patent applications. Such use would violate the protective order's prohibition against use of the confidential information for [*7] any use other than the present litigation.

To supports its contention that there is no prohibition against outside counsel performing these dual roles, ITC relies upon In re Certain Amorphous Metal Alloys, No. 337-TA-143 (U.S.I.T.C. 1983)., and its progeny, *In re Certain Magnetic Switches, 1993 ITC LEXIS 143 (U.S.I.T.C. 1993).* Amorphous Metal is factually similar to the present case. Two firms were acting as trial counsel for respondents and each firm had access to complainant's confidential information. The first firm assisted their client's in-house patent agents in preparing patent applications. The second firm did not prosecute their client's patent applications, but prosecuted patents for other clients in the same subject matter. Amorphous Metal at 1 n.2. Complainant argued that these firms could not possibly respect the protective order and still

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zealously prosecute the patent applications.

The International Trade Commission allowed both firms to gain access to the confidential information. The Commission based its decision upon the following factors: an in-house/outside counsel distinction, faith in the attorneys ability to respect the protective order while [*8] pursuing future patent prosecutions, the lack of a present conflict, and the burden to the clients if the attorney's were disqualified from the litigation. While Amorphous Metal formulates and addresses the important issues present in this dispute, the Court declines to reach the Commission's result. To some extent this is due to factual differences between Amorphous Metals and the present case, but to some extent the Court simply disagrees with and declines to follow the Commission's reasoning.

"The goals of full disclosure of relevant information and reasonable protection against economic injury 'are in tension and each must be fairly balanced against the other.'" *Safe Flight, 682 F. Supp. at 23* (quoting *E.I. Du Pont de Nemours & Company v. Phillips Petroleum Company, 219 U.S.P.Q. 37 (D. Del. 1982)* (Latchum, J.)). After carefully weighing the relevant factors, which are discussed below, the Court holds that the DS&M attorneys who have received confidential information from Motorola under the protective order shall not prosecute any ITC patent applications relating to the broad subject matter of the patents in suit during the pendency of this case and until one year [*9] after the conclusion of the present litigation, including appeals.

A. The In-house/Outside Counsel Distinction

In their letter and at argument, Counsel for ITC present the Court with a general rule: courts split on whether inside counsel may receive confidential information while at the same time continue to prosecute patents, but outside counsel are always able to do both. In Amorphous Metal, the Commission gave its reasons for viewing in-house counsel differently from outside counsel:

Traditionally and in the instant investigation, in-house counsel have been excluded from protective orders not because of an inherent untrustworthiness, but because of their close ties with the corporate client. Although in-house counsel serve as legal advisors, their employment often intimately involves them in the management and operation of which they are a part. The two roles of legal advisor and corporate official will often merge; when they do, the efficacy of the protective order is greatly diminished. Furthermore, because they are in regular contact with technical personnel, in-house counsel are in a significantly different position with regard to opportunities for inadvertent [*10] transmission of confidential information than are outside counsel.

Amorphous Metal at 5.

The Court declines to rest its decision upon a bright-line distinction between "in-house" and "outside" counsel. Access to confidential information "should be denied or granted on the basis of each individual counsel's actual activity and relationship with the party represented, without regard to whether a particular counsel is in-house or retained." *U.S. Steel Corp. v. United States, 730 F.2d 1465, 1469 (Fed. Cir. 1984).* U.S. Steel was decided eight months after the Commission's opinion in Amorphous Metal, and involved a CIT decision which had relied upon a bright-line distinction to deny in-house counsel access to confidential information. The Federal Circuit held that "status as in-house counsel cannot alone create that probability of serious risk to confidentiality and cannot therefore serve as the sole basis for denial of access." *U.S. Steel, 730 F.2d at 1469.*

The critical inquiry is whether the attorney in question is in a position that creates a high risk of inadvertent disclosure. In discussing access for in-house counsel, courts look for involvement in competitive [*11] decision making or scientific research in determining whether an individual would have a difficult time compartmentalizing his knowledge. *Carpenter Technology Corp. v. Armco, Inc., 132 F.R.D. 24, 27-28 (E.D. Pa. 1990)* (granting access to one individual and denying access to another individual based upon involvement in competitive decision making and scientific research); *U.S. Steel Corp. v. United States, 730 F.2d 1465, 1468 (Fed. Cir. 1984)* (discussing the need to retain outside counsel to gain access to confidential information if in-house counsel is involved in competitive decision making). These are activities which define the scope and emphasis of a client's research and development efforts. The process of prosecuting patent applications also involves decisions of scope and emphasis, as was argued by Mr. Krupka at the September 28 hearing: "They can make the claims read on new products and new directions where we project sales to be most critical. And they can forget about the ones that relate to products that are going to die." D.I. 86, at 126. n3

n3 Amorphous Metal did not address this aspect of the patent prosecution process. The Commission was satisfied that no danger existed because the outside counsel had no direct contact with the client's technical personnel. Amorphous Metal at 6.

[*12]

Moreover, this court has implied in the past that prosecution of patents could be grounds for denying access. In *Safe Flight Instrument Corp. v. Sundstrand Data Control Inc., 682 F. Supp. 20 (D. Del. 1988)* (Roth, J.), the Court denied plaintiff's request that defendant's in-house counsel be denied access: "The defendant has represented to this Court that its in-house counsel neither conduct scientific research nor prosecute patents. These attorneys simply do not face [plaintiff's president's] prospect of having to distil one's own thoughts from a competitor's thoughts during the course of future . . . work." n4 Id. The court also relied upon the fact that defendant's in-house counsel would be segregated to avoid "the possibility of conscious or unconscious abuse of confidential information." *Id. at 23.*

n4 The Court had previously denied Plaintiff's request that Plaintiff's President be granted access because of the President's heavy involvement in research and decision making. *Safe Flight, 682 F. Supp. at 22.*

[*13]

There can be no question that DS&M attorneys who receive confidential information and then later prosecute patents will have to distil and compartmentalize the confidential knowledge they have gained. The inquiry must shift, therefore, to the dangers of inadvertent disclosure and the possible protections that may exist against such disclosure.

B. Inadvertent Disclosure

DS&M attorneys are prosecuting patents that are directly at issue in the present litigation. DS&M does not deny that it is theoretically possible for them to abuse the confidential information received, but argue that they understand their ethical duty and will act in conformance with it. The Commission adopted this position in In re Certain Amorphous Metal Alloys, No. 337-TA-143, at 3 (U.S.I.T.C. 1983): "In the event that a conflict is posed as a result of knowledge gained under a protective order, we would expect that counsel would refer the matter to other counsel. We therefore believe that it is appropriate to presume that respondents' counsel will respect the integrity of the confidential information released under a protective order."

The Court does not question the ethics of the DS&M attorneys, [*14] nor does it doubt that DS&M attorneys would respond appropriately if a conflict were "posed" to them. The issue is not deliberate disclosure, however, but inadvertent disclosure. In Safe Flight, the Court denied Plaintiff's President access to defendant's confidential information because of the dangers posed by inadvertent disclosure. "Accepting that [plaintiff's president] is a man of great moral fiber, we nonetheless question his human ability during future years of research to separate the applications he has extrapolated from [defendant's] documents from those he develops from his own ideas." *Safe Flight, 682 F. Supp. at 22.*

"Inadvertence, like the thief-in-the-night, is no respecter of its victims. Inadvertent or accidental disclosure may or may not be predictable. To the extent that it may be predicted, and cannot be adequately forestalled in the design of a protective order, it may be a factor in the access decision." *U.S. Steel Corp., 730 F.2d at 1468.* DS&M is currently prosecuting applications relating to the very patents at issue in this litigation. Attorneys who were to view Motorola's voluminous confidential information and then later prosecute the [*15] patents would have to constantly challenge the origin of every idea, every spark of genius. This would be a sisyphean task, for as soon as one idea would be stamped "untainted", another would come to mind. The level of introspection that would be required is simply too much to expect, no matter how intelligent, dedicated, or ethical the DS&M attorneys may be.

C. Hardship to Client

Courts have also considered the hardship to the client if counsel is disqualified or restricted in some manner. See *U.S. Steel Corp. v. United States, 730 F.2d 1465, 1469 (Fed. Cir. 1984)* ("forcing USS to rely on newly retained counsel would create an extreme and unnecessary hardship"); *Safe Flight Instrument Corp. v. Sundstrand Data Control, 682 F. Supp. 20, 22 (D. Del. 1988)* (denying access to Plaintiff's president would not unduly hamper plaintiff ability to assess litigation); In re Certain Amorphous Metal Alloys, No. 337-TA-143, at 3 (U.S.I.T.C. 1983) ("disqualification imposes too great a burden on respondents in this case"). ITC has urged the Court to consider the cost it will incur if DS&M's representation is limited in any way. See D.I. 86, at 110 (representations by Mr. [*16] Bove regarding ITC's concern regarding costs). ITC's hardship is certainly a factor to be balanced against Motorola's need to protect its confidential information, but it is just one factor.

It is important to note that DS&M has not been prosecuting these particular ITC patent applications for a long period of time. This is not a situation where a client decided that it would be efficient to retain trial counsel who had prosecuted the particular patent in the past. In fact, DS&M did not become attorney of record for these

particular patent applications until one week after the filing of Motorola's suit. This creates the appearance of a situation where a client felt it would be efficient to have trial counsel prosecute the patent application in the future. This creates far too great a risk that any efficiency will be to some extent the result of inadvertent use of confidential information.

This conflict was created by ITC after the initiation of litigation, and could have been avoided altogether by ITC. Under these circumstances, the Court will take hardship into account in fashioning its remedy, but does not consider the hardship severe enough to deny relief altogether.

[*17] D. Timing of the Remedy

In Amorphous Metal, the Commission recognized that a danger existed, but decided that there was not a present conflict, only a mere possibility of future conflict. Amorphous Metals at 8. As a result of this conclusion, the Commission chose not to deny access, but rather indicated that it would investigate in the future if the complainant could "show that subject matter directly related to the confidential information appeared in a patent application after release under a protective order." Amorphous Metal at 6 n.13. In effect, the Commission promised to remedy the injury after it occurred, while complainant was asking the Commission to prevent the injury from occurring. Given the voluminous information supplied to date by Motorola under the protective order, the ongoing dual role of the DS&M attorneys, and the need to closely guard confidential information in the patent area, this Court believes a conflict exists at the present time and will act to prevent the possibility of injury to Motorola.

E. Scope of the Remedy

All DS&M attorneys or employees who have received confidential information from Motorola under the protective order [*18] in this case shall not prosecute any patent application for ITC relating to the broad subject matter of the patents in suit during the pendency of this case and for one year after the conclusion of this litigation, including appeals.

This remedy is broad enough to protect Motorola's confidential information, yet seeks to minimize the hardship to both ITC and DS&M. The prohibition applies only to ITC patent applications that are the subject matter of this litigation, not all ITC patent applications. The prohibition applies only to patent prosecutions for ITC, not for all other clients. n5 Finally, there is a time limit on the prohibition similar to the limit requested by Motorola for the CDC attorneys. See D.I. 69.

n5 The Court presumes that DS&M's ethical duty to its client, ITC, would prevent DS&M from prosecuting patent applications for other clients that are of similar subject matter as ITC's patents in this case. Therefore, Motorola's confidential information should not be threatened by any representation of a third party which DS&M may undertake.

[*19]

DS&M has represented that to date, only Mr. D'Amico has worked on patent application matters and then subsequently reviewed confidential information. See D'Amico Affidavit. Because he has had access to Motorola's confidential information, he is subject to the Court's prohibition. Going forward, DS&M shall set up a Chinese Wall to separate the ITC patent application attorneys from the Motorola litigation attorneys who have received confidential information. This shall ensure that, with the exception of Mr. D'Amico, ITC shall continue to receive the same services from the same DS&M attorneys that ITC has received in the past.

ORDER

NOW, THEREFORE, for all the reasons stated by the Court in its Memorandum Opinion of December 19, 1994, IT IS ORDERED that:

1. The protective order, Docket Item 35, shall be amended to provide that any Dickstein, Shapiro & Morin ("DS&M") attorneys who have received confidential information from Motorola under the protective order shall not prosecute any InterDigital Technology Corporation patent applications relating to the broad subject matter of the patents in suit during the pendency of this case and until one year after the conclusion [*20] of the present litigation, including appeals.

2. DS&M shall set up a Chinese wall to ensure that the Court's order is effectively enforced.

Joseph J. Longobardi, D.J.

12/19/94

Ex - P

Jack A. ROUNICK and Noreen A. Rounick, Plaintiffs
v.
FIREMAN'S FUND INSURANCE CO. OF WISCONSIN, Defendant

No. CIV. A. 95-7086.

United States District Court, E.D. Pennsylvania.

May 20, 1996.

MEMORANDUM AND ORDER

KELLY

*1 Presently before the Court is Defendant's Motion for Admission of Counsel Pro Hac Vice and Plaintiffs' Response. For the reasons set forth below, the Motion will be granted.

Plaintiffs seek to recover for property losses under an insurance policy. Plaintiffs claim, among other things, that Defendant acted in bad faith by wrongfully failing to provide coverage. Defendant counters that Plaintiffs are not entitled to coverage under the policy because, by failing to cooperate with the investigation of the claims, Plaintiffs have not complied with the conditions of the policy.

In the instant Motion, Defendant moves for the admission pro hac vice of Franklin Tell, Esquire, a partner in the law firm retained by Defendant to represent it in the investigation of these claims. Plaintiffs oppose the admission of Mr. Tell. Plaintiffs argue that Mr. Tell was actively involved in the investigation of Plaintiffs' claims, in that he deposed Plaintiff Jack A. Rounick and reviewed financial records of Mr. Rounick. Based on this involvement, Plaintiffs assert that Mr. Tell is an important witness to both Plaintiffs and Defendant and, therefore, that he should not be permitted to represent Defendant.

Rule 3.7(a) of the Rules of Professional Conduct, adopted in this Court pursuant to Local Rule of Civil Procedure 83.6(IV)(B), provides that "[a] lawyer shall not act as advocate at a trial in which the lawyer is likely to be a necessary witness." The Rule does not preclude a lawyer from representing a client when the lawyer will likely be a necessary witness; it only prevents the lawyer from serving as an "advocate at a trial" in such a case. Caplan v. Braverman, 876 F.Supp. 710, 711 (E.D.Pa.1995). Thus, nothing in Rule 3.7 prohibits Mr. Tell from representing Defendant during the pre-trial and post- trial phases of this litigation.

To be precluded from acting as trial counsel for Defendant, Mr. Tell must be "likely to be a necessary witness." A witness is necessary if he "has crucial information in his possession which must be divulged," Commercial Credit Loans, Inc. v. Martin, 590 F.Supp. 328, 335 (E.D.Pa.1984); Electronic Lab. Supply Co. v. Motorola, No. Civ. A. 88-4494, 1990 WL 96202, at *2 (E.D.Pa. July 3, 1990), and necessity requires more than mere speculation that counsel will be required to testify, id. The disqualification of a lawyer is generally disfavored because it deprives the party of his choice of counsel. Hamilton v. Merrill Lynch, 645 F.Supp. 60, 61 (E.D.Pa.1986). In the instant case, the Court cannot determine at this early stage, before discovery is complete, whether Mr. Tell is likely to be a necessary witness at trial. Therefore, the Court will grant Defendant's Motion for the admission of Mr. Tell pro hac vice. If Mr. Tell becomes a necessary witness, however, he will be barred from participating at trial.

Accordingly, it is hereby ORDERED that Defendant's Motion for Admission of Franklin Tell, Esquire Pro Hac Vice is GRANTED.

END OF DOCUMENT

Joseph L. SCHWARTZ
v.
INDUSTRIAL VALLEY TITLE INSURANCE CO., National Abstract Agency, Inc., Richard B. Moore, Joseph N. Reilly, and Jerald Gardiner

No. CIV. A. 96-5677.

United States District Court, E.D. Pennsylvania.

June 5, 1997.

MEMORANDUM AND ORDER

SHAPIRO, J.

*1 Joseph L. Schwartz ("Schwartz") filed this action in August, 1996, to collect from Richard B. Moore ("Moore") on a purchase money mortgage, or, in the alternative, to collect the value of the mortgage from National Abstract Agency, Inc. ("National Abstract") or Industrial Valley Title Insurance Co. ("IVT"). National Abstract, in moving to dismiss Schwartz's complaint, alleged in part that Schwartz had failed to implead his former partner, Joseph N. Reilly ("Reilly"), and Jerald Gardiner ("Gardiner"), a notary public. The court, granting National Abstract's motion to dismiss in part, gave Schwartz leave to amend the complaint and join Reilly and Gardiner. Schwartz joined Reilly and Gardiner as indispensable parties. Before the court now are Reilly's motions to disqualify Schwartz's counsel, William G. Blasdel, Jr., Esq. ("Blasdel"), and for sanctions under F.R.Civ.P. Rule 11 and 28 U.S.C. § 1297.

I. FACTS

In June, 1988, Moore and Nicholas Lorimer ("Lorimer") bought 1434-36 Kater Street ("Kater Street property") from Schwartz and Reilly. Moore and Lorimer agreed to borrow $66,000 from Schwartz and Reilly, and to pay ten percent (10%) interest in monthly installments of $550; the debt was recorded in a note and a purchase money mortgage. Moore and Lorimer paid the monthly interest through April, 1990, but not since then. Moore and Lorimer have paid none of the principal.

Schwartz and Reilly had borrowed money from Meridian Bank ("Meridian") in 1986. In early 1990, Schwartz authorized Reilly to give Meridian a security interest in the mortgaged Kater Street property or the mortgage interest payments due Schwartz and Reilly from Moore and Lorimer. Schwartz claims Reilly, acting outside the scope of Schwartz's authorization, had the Moore/Lorimer mortgage marked satisfied in exchange for a new mortgage executed by Lorimer in favor of both Schwartz and Reilly but assigned to Meridian. This transaction took place on February 12, 1990 without Schwartz's knowledge.

The February 12, 1990 closing was held at the National Abstract office. National Abstract prepared the closing documents, including: 1) a Mortgage Satisfaction for the Moore/Lorimer 1988 mortgage on the Kater Street property; 2) a new Mortgage, Bond and Warrant on the Kater Street property from Lorimer to Schwartz and Reilly; 3) an assignment of the new Lorimer Mortgage, Bond and Warrant from Schwartz and Reilly to Meridian; and 4) an IVT title insurance policy naming Meridian as the insured. Both the Mortgage Satisfaction and the Assignment to Meridian required Schwartz's signature. Schwartz claims he never signed those documents. He did not attend the closing; National Abstract did not notify him of the closing, or communicate with him in any way. He did not receive money for satisfaction of the mortgage.

At the closing, Reilly told the notary public, Gardiner, that Schwartz had verbally authorized the Mortgage Satisfaction. Gardiner did not confirm this authorization with Schwartz. Instead, Gardiner witnessed and notarized all the documents prepared by National Abstract and attested to the identities of parties executing the documents, including Schwartz.

*2 Schwartz retained Blasdel on July 16, 1993, to represent him in Meridian Bank v.

Schwartz; the bank had confessed judgment against Schwartz on the 1986 joint loan signed by Schwartz and Reilly. A week later, Schwartz and Reilly met with Blasdel to discuss a possible counterclaim against Meridian. Based on that discussion, Reilly also retained Blasdel and signed a "Power of Attorney/Contingency Fee Agreement" which read, in part,

I ... appoint William G. Blasdel, Jr., Esquire as my true and lawful attorney to act for me, and in my name in the matter of my claims arising from the loan documents signed on November 13, 1986, the litigation known as Meridian Bank v. Joseph L. Schwartz, and matters arising subsequently or ancillary thereto. I acknowledge the potential conflict of interest with the representation of my interests and the interests of Joseph L. Schwartz, and I waive such conflict of interest.

Pl. Answer to Motion to Disqualify Counsel, Ex. C (emphasis added). The strategy Blasdel devised to defend Meridian Bank v. Schwartz included joining Reilly and "Reilly and Schwartz" as third-party defendants. Reilly authorized Blasdel to accept service and appear for him in Meridian Bank v. Schwartz; Reilly never paid any fees to Blasdel. The Meridian litigation settled May 3, 1994.

On February 14, 1996, as part of the settlement in Meridian Bank v. Schwartz, Meridian assigned Schwartz its interest in the Kater Street property, subject to the Lorimer mortgage. Meridian advised Schwartz that the bank never received any payments on the Kater Street mortgage.

Schwartz claims he did not learn of the Lorimer mortgage on the Kater Street property, and its assignment to Meridian on February 12, 1990, until he received a copy of the assignment in 1996, even though Lorimer listed Schwartz and Reilly as creditors when he filed for bankruptcy on August 22, 1990. [FN1] In August, 1996, Schwartz filed this action against Moore, IVT and National Abstract; he claims he is still owed the principal and interest on the original Moore/Lorimer mortgage because he did not authorize its satisfaction. At a January 6, 1997, hearing on all outstanding motions, the court granted in part National Abstract's motion to dismiss Schwartz's complaint because Schwartz had failed to name two indispensable parties, Reilly and Gardiner. On January 20, 1997, Schwartz filed an amended complaint joining Reilly and Gardiner.

FN1. Lorimer's debts were discharged on March 21, 1991.

Reilly then moved to disqualify Blasdel as Schwartz's counsel because Reilly, a current or former client of Blasdel's, had not consented to Blasdel's representation of Schwartz in litigation adverse to his interests. Following an evidentiary hearing on Reilly's motion to disqualify Blasdel, Schwartz was permitted to file a supplemental brief on Blasdel's disqualification as a potential witness. On April 10, 1997, Reilly also moved for sanctions against Blasdel, under F.R.Civ.P. Rule 11 or 28 U.S.C. § 1927.

II. DISCUSSION

1. Disqualification of Plaintiff's Counsel

*3 Reilly moves to disqualify Blasdel as counsel for Schwartz because Blasdel's representation violates Pennsylvania's Rules of Professional Conduct 1.7 and 1.9. An attorney's responsibility to a current client is governed by Rule 1.7:

(a) A lawyer shall not represent a client if the representation of that client will be directly adverse to another client, unless:
(1) the lawyer reasonably believes the representation will not adversely affect the relationship with the other client; and
(2) each client consents after consultation.
(b) A lawyer shall not represent a client if the representation of that client may be materially limited by the lawyer's responsibilities to another client or to a third person, or by the lawyer's own interests, unless:
(1) the lawyer reasonably believes the representation will not be adversely affected; and
(2) the client consents after full disclosure and

consultation. When representation of multiple clients in a single matter is undertaken, the consultation shall include explanation of the implications of the common representation and the advantages and risks involved.

Blasdel argues that he never represented Reilly, but even if he did, Reilly is a former client who consented to Blasdel's adverse representation of Schwartz. An attorney's responsibility to a former client is governed by Rule 1.9:

A lawyer who has formerly represented a client in a matter shall not thereafter:
(a) represent another person in the same or a substantially related matter in which that person's interests are materially adverse to the interests of the former client unless the former client consents after full disclosure of the circumstances and consultation; or
(b) use information relating to the representation to the disadvantage of the former client except as Rule 1.6 would permit with respect to a client or when the information has become generally known.

Blasdel argues that Reilly waived any conflict of interest when he signed the "Power of Attorney/Contingency Fee Agreement" in 1986 in connection with the Meridian litigation.

The evidentiary hearing on the motion to disqualify suggested Blasdel might be called as a witness because settlement of the 1993 Meridian action involved the Kater Street property. Rule 3.7(a) of the Rules of Professional Conduct provides:

A lawyer shall not act as advocate at a trial in which the lawyer is likely to be a necessary witness except where:
(1) the testimony relates to an uncontested issue;
(2) the testimony relates to the nature and value of legal services rendered in the case; or
(3) disqualification of the lawyer would work substantial hardship on the client.

Reilly's motion to disqualify Blasdel raises four questions: a) Did or does Blasdel represent Reilly; b) Is this action substantially related to the Meridian litigation; c) Did Reilly consent to Blasdel's representation of Schwartz in this matter; and d) Is Blasdel likely to be a witness in this action.

a. Blasdel's representation of Reilly

*4 An attorney-client relationship is formed when the client consents to an attorney's providing legal services. Committee on Prof. Ethics and Grievances of the Virgin Islands Bar Ass'n v. Johnson, 447 F.2d 169, 174 (3d Cir.1971) (lawyer's suspension from the bar for professional misconduct reversed for procedural error). An attorney-client relationship can be inferred from conduct if the client requested legal services and the attorney accepted. Stainton v. Tarantino, 637 F.Supp. 1051, 1066 (E.D.Pa.1986) (no attorney-client relationship where attorney performed legal services principally for his own benefit although his business partners benefitted from his legal work).

Absent an express contract, an implied attorney/client relationship will be found if 1) the purported client sought advice or assistance from the attorney; 2) the advice sought was within the attorney's professional competence; 3) the attorney expressly or impliedly agreed to render such assistance; and 4) it is reasonable for the putative client to believe the attorney was representing him.

Atkinson v. Haug, 424 Pa.Super. 406, 622 A.2d 983, 986 (Pa.Super.1993) (citing Sheinkopf v. Stone, 927 F.2d 1259 (1st Cir.1991) (attorney acting as an investor had not formed an attorney/client relationship with a fellow investor).

Blasdel represented Reilly in the Meridian action. He met with Reilly to discuss strategy. He entered an appearance on behalf of Reilly, and accepted service for Reilly. Reilly agreed to and signed a Power of Attorney/ Contingency Fee Agreement that expressly stated Blasdel was his attorney. Within the last year, and as recently as January, 1997, Reilly gave Blasdel information pertaining to Reilly's business with Schwartz, including copies of mortgages and the title report for the

Kater Street property. Reilly considered Blasdel his attorney until Schwartz joined Reilly as a defendant in this action; Reilly then secured new counsel.

It is not necessary to determine Reilly's status as a former or current client if Blasdel's representation of Schwartz would violate both Rules 1.7 and 1.9. See, e.g., Vanderveer Group v. Petruny. In Vanderveer Group, TVG's counsel filed an action against MMG. TELERx, MMG's 51% owned subsidiary, was not a party to the action, but had been represented by TVG's counsel until a month after the action was filed. When discovery in the TVG-MMG action revealed that material TVG considered proprietary was being used by TELERx, TVG then filed a related action against TELERx. TVG's counsel argued its prior representation of TELERx did not provide it with TELERx confidences material to the litigation. The court held that TVG's counsel had "gained a greater understanding of the general operating procedures of TELERx"; this caused a "serious potential for conflict of interest[.]" Id. at *6.

*5 Moreover, even if there is little or no danger of a breach of client confidences which directly and specifically implicated the issues in this litigation, there is still a conflict of interest problem inherent in the continued representation of TVG in a matter in which the interests of TVG and TELERx are directly and materially adverse, and such conflict exists no matter whether the standards of Rule 1.7 or of Rule 1.9 are applied. Both Rule 1.7 and Rule 1.9 give effect to the overarching principle that an attorney owes a duty of loyalty to clients and should not be involved in litigation in which loyalties to two current clients or to a current and a former client are likely to be divided. Thus, an attorney should avoid situations in which the duty of loyalty to one client might be impaired by the equally important duty to vigorously represent the other client.

Vanderveer Group v. Petruny, 1994 WL 314257 at *7 (E.D.Pa.1994) (counsel disqualified as a result of conflicts of interest violating both rules). Blasdel likewise owed Reilly a duty of loyalty, as a former or a current client; there is a conflict of interest under either Rule 1.7 or Rule 1.9.

b. Relationship to the Meridian litigation

Schwartz claims that the Meridian litigation is separate from, and unrelated to, this action. The existence of a substantial relationship is determined by: 1) the scope of the prior representation; 2) the nature of the prior action; 3) and whether relevant confidential information might have been disclosed in the prior representation. Reading Anthracite Co. v. Lehigh Coal & Navigation Co., 771 F.Supp. 113, 115 (E.D.Pa.1991); INA Underwriters Ins. Co. v. Nalibotsky, 594 F.Supp. 1199, 1206 (E.D.Pa.1984); Tran v. Meyers, 1995 WL 584374 *2 (E.D.Pa.1995); Rickards v. CertainTeed Corp., 1995 WL 120231 (E.D.Pa.1995). There is a substantial relationship where "facts pertinent to the problems for which the original legal services were sought are relevant to subsequent litigation." United States Football League v. National Football League, 605 F.Supp. 1448, 1459 (S.D.N.Y.1985); see also, Tran, 1995 WL 584374 at *2.

The Meridian litigation related to funds owed the bank by Reilly and Schwartz. That debt was originally unrelated to the Kater Street property. However, Schwartz authorized Reilly to pledge to Meridian payments due them under the Moore-Lorimer purchase money mortgage on the Kater Street property as security for their bank debt. Instead, on February 12, 1990, the Kater Street Moore-Lorimer mortgage was satisfied and a new mortgage from Lorimer only was assigned to Meridian as collateral for the original Reilly and Schwartz loan. Settlement of the Meridian litigation involved that 1990 mortgage. Reilly gave Blasdel documents pertaining to the Kater Street property in connection with the settlement. The Meridian litigation, and Blasdel's representation of Reilly, are substantially related to this litigation.

c. Reilly's consent to Blasdel's adverse representation of Schwartz

*6 Schwartz argues that Reilly has waived any possible conflict of interest in this action

when he consented to the adverse representation in the Meridian action. The right to be fully informed about possible conflicts of interest cannot be easily waived. International Longshoremen's Ass'n., Local Union 1332 v. International Longshoremen's Ass'n., 909 F.Supp. 287, 292 (E.D.Pa.1995) (conflict of interest not waived where defendant's counsel spoke only to plaintiff's counsel and not to plaintiff directly). "Attorneys must consult with their clients about potential conflicts of interest, and must disclose the facts and circumstances surrounding the conflicts to such an extent that the clients appreciate the significance of the conflict." Id. See also, Brennan v. Independence Blue Cross, 949 F.Supp. 305, 308 (E.D.Pa.1996) (no waiver of conflict of interest although defendant could have surmised that plaintiff's counsel might represent plaintiff against defendant).

Reilly did consent to Blasdel's representation of Schwartz against Reilly in the Meridian litigation "and matters arising subsequently or ancillary thereto," but Reilly consented after consulting with Blasdel and learning Blasdel's strategy in that litigation. Blasdel did not inform Reilly that he would represent Schwartz in any future dispute between Schwartz and Reilly in connection with the 1990 closing. Reilly's 1993 consent is inadequate to constitute a waiver in this litigation.

d. Blasdel as a likely witness

Rule of Professional Conduct 3.7(a) prohibits an attorney from acting as an advocate in a trial where he or she is likely to be called as a witness. At this stage of the litigation, it is not clear whether Blasdel is likely to be a witness. It is possible that defendants will depose Blasdel to determine his knowledge of the February 12, 1990 closing when the Meridian litigation was settled. "Nothing in Rule 3.7 prevents [an attorney/witness] from representing [the client] in all pretrial matters, including discovery." Lebovic v. Nigro, 1997 WL 83735 at * 1 (E.D.Pa.1997) (motion to disqualify denied without prejudice to renew if discovery reveals counsel is likely to be a necessary witness at trial). Blasdel would not be disqualified as Schwartz's counsel solely because he might be a prospective witness unless that prospect would become likely rather than merely possible. [FN2]

FN2. Schwartz filed a supplemental brief on whether Blasdel is a likely witness. Schwartz denies Blasdel has any knowledge of the original Lorimer/Moore purchase money mortgage or the 1990 Lorimer mortgage assignment to Meridian. Schwartz admits that Reilly might call Blasdel as a witness. Schwartz suggests the court "grant judgment in favor of Defendant Joseph N. Reilly and against Plaintiff Joseph L. Schwartz in this matter" on Reilly's asserted defense of statute of limitations. Pl. Supp. Br. Opp. Def. Motion to Disqualify Counsel at 3. Reilly has not moved for summary judgment on the statute of limitations bar. Granting Reilly judgment at this stage of the litigation would be inappropriate unless "the complaint facially shows noncompliance with the limitations period ..." Oshiver v. Levin, Fishbein, Sedran & Berman, 38 F.3d 1380, 1384 n. 1 (3d Cir.1993). Schwartz alleges in the complaint and amended complaint that he did not know of the February 12, 1990 closing until 1996. If there is a statutory bar, it would appear to apply to all defendants. There is no reason for the court sua sponte to grant judgment solely in Reilly's favor.

2. Reilly's Motions for Sanctions

Reilly moves for sanctions against Blasdel under F.R.Civ.P. Rule 11 and 28 U.S.C. § 1927.

a. Rule 11

Rule 11(b) provides:

By presenting to the court (whether by signing, filing, submitting, or later advocating) a pleading, written motion, or other paper, an attorney ... is certifying that to the best of the person's knowledge, information, and belief, formed after an inquiry reasonable under the circumstances,--

*7 (1) it is not being presented for any improper purpose, such as to harass or to cause unnecessary delay or needless increase in the cost of litigation;

(2) the claims, defenses, and other legal

contentions therein are warranted by existing law or by a nonfrivolous argument for the extension, modification, or reversal of existing law or the establishment of new law;
(3) the allegations and other factual contentions have evidentiary support or, if specifically so identified, are likely to have evidentiary support after a reasonable opportunity for further investigation or discovery; and
(4) the denials of factual contentions are warranted on the evidence or, if specifically so identified, are reasonably based on a lack of information or belief.

In Cooter & Gell v. Hartmarx Corp., the Supreme Court held:
Determining whether an attorney has violated Rule 11 involves a consideration of three types of issues. The court must consider factual questions regarding the nature of the attorney's prefiling inquiry and the factual basis of the pleading or other paper. Legal issues are raised in considering whether a pleading is "warranted by existing law or a good faith argument" changing the law and whether the attorney's conduct violated Rule 11. Finally, the district court must exercise its discretion to tailor an "appropriate sanction."
Cooter & Gell v. Hartmarx Corp., 496 U.S. 384, 399, 110 S.Ct. 2447, 110 L.Ed.2d 359 (1990) (Court upheld Rule 11 sanctions imposed after involuntary dismissal). Rule 11 sanctions may reimburse the moving party for the expense of litigating those pleadings that violated Rule 11. Id. at 406.

Reilly moves for imposition of sanctions because Blasdel, in "Answer of Plaintiff Schwartz to Motion to Disqualify Counsel," denied he had represented Reilly in the Meridian action. "On the contrary, Attorney Blasdel was an adversarial counsel against Reilly, and did not represent Reilly in Meridian v. Schwartz." Pl. Ans. to Motion to Disqualify Counsel, ¶ 5. Blasdel had an insufficient factual basis for claiming he never represented Reilly in the Meridian litigation; he knew he had entered an appearance on Reilly's behalf in Meridian and had obtained Reilly's signed "Power of Attorney/ Contingency Fee Agreement" appointing Blasdel as his attorney and waiving any conflict of interest that might arise under Rule 1.7. Blasdel's bald assertion, both in pleadings and at the hearing on Reilly's motion to disqualify, that he had not represented Reilly in the Meridian litigation was a violation of Rule 11. [FN3]

FN3. Schwartz now claims there was no partnership or joint venture called "Reilly and Schwartz." In Schwartz's answer to the motion to disqualify him, Blasdel asserts, "REILLY AND SCHWARTZ is a non-existent entity referred to in several Meridian documents as the legal partnership of Schwartz and Reilly doing business with the bank, and as the actual debtor on the 1986 Meridian loan." Pl. Ans. to Motion to Disqualify Counsel, n. 1. But appended to Schwartz's answer is the "Complaint of Defendant Joseph L. Schwartz Against Additional Defendants Joseph Reilly, Reilly and Schwartz, and David C. Bragg" from the Meridian litigation; it states, "Additional Defendant REILLY AND SCHWARTZ is a Pennsylvania partnership with it's [sic] sole place of business at 1614 Naudain Street, Philadelphia, PA, 19107, and is a citizen of the Commonwealth of Pennsylvania." Pl. Ans. to Motion to Disqualify Counsel, Ex. C at ¶ 2.
Having asserted the existence of the partnership in prior litigation, Schwartz is judicially estopped from stating that Reilly and Schwartz is a "non-existent entity" or that they were never partners. See, McCarron v. Federal Dep. Ins. Corp., 111 F.3d 1089 (3d Cir.1997); Government of the Virgin Islands v. Paniagua, 922 F.2d 178, 183 (3d Cir.1990); Murray v. Silberstein, 882 F.2d 61, 66 (3d Cir.1989) ("the law of this circuit bar [s] switches of position of this kind"); Oneida Motor Freight, Inc. v. United Jersey Bank, 848 F.2d 414, 419 (3d Cir.1988). Judicial estoppel "prevent[s] a party from playing 'fast and loose' with courts by asserting contradictory positions." McCarron, 111 F.3d at 1097, citing United States v. Vastola, 989 F.2d 1318, 1324 (3d Cir.1993).
These contradictory assertions, appearing in the main body and appendix of the same filing, may constitute further violation of Rule 11. Reilly did not include this particular contradiction in his motion for sanctions. Without notice to the plaintiff, the court cannot impose Rule 11 sanctions. Jones v. Pittsburgh Nat'l Corp., 899 F.2d 1350, 1357 (3d Cir.1990) (Prior to sanctioning an attorney, a court

must provide the party with notice of and some opportunity to respond to the charges.). The court will not sanction Blasdel for this, but Schwartz and any substitute counsel he obtains may not assert the non-existence of the partnership.

In Schwartz's answer to Reilly's motion to disqualify, Blasdel asserted two other bases for the denial of the motion: 1) the Meridian litigation was not substantially related to the instant action, and 2) Reilly waived his objections to any conflict of interest by signing the "Power of Attorney/Contingency Fee Agreement." These assertions, while erroneous, did not violate Rule 11 per se. An appropriate measure for sanctions is "those expenses directly caused by the improper filing." Waltz v. County of Lycoming, 974 F.2d 387, 390 (3d Cir.1992). Here it is the attorney's fees charged Reilly for responding to Blasdel's claim he never represented Reilly.

b. 28 U.S.C. § 1927

*8 Reilly has moved to sanction Blasdel under 28 U.S.C. § 1927, which provides:

Any attorney or other person admitted to conduct cases in any court of the United States or any Territory thereof who so multiplies the proceedings in any case unreasonably and vexatiously may be required by the court to satisfy personally the excess costs, expenses, and attorneys' fees reasonably incurred because of such conduct.

"[T]he principal purpose of imposing sanctions under 28 U.S.C. § 1927 is 'the deterrence of intentional and unnecessary delay in the proceedings.' " Zuk v. Eastern Pennsylvania Psychiatric Inst. of the Med. Coll. of Pennsylvania, 103 F.3d 294, 297 (3d Cir.1996) quoting Beatrice Foods Co. v. New England Printing and Lithographing Co., 899 F.2d 1171, 1177 (Fed.Cir.1990). Section 1927 requires a showing of bad faith. Jones v. Pittsburgh National Corp., 899 F.2d 1350, 1358 (3d Cir.1990).

Schwartz did not name Reilly in the original complaint, but Schwartz's complaint against the original defendants would have been dismissed without joinder of additional indispensable parties. [FN4] Blasdel should have informed the court of his potential conflict of interest when the court heard defendants' motion to dismiss for failure to join an indispensable party. His denial that he represented Reilly in the Meridian litigation, in pleadings and at the hearing on Reilly's motion to disqualify counsel, is hard to understand. His motive may have been to preserve his client's action against the original defendants, but his action is unacceptable. Blasdel acted in bad faith by denying his prior representation of Reilly. Had he admitted the potential conflict of interest to the court at the original hearing, Schwartz could have obtained new counsel sooner, Reilly would not have moved for Blasdel's disqualification, and the litigation would have proceeded more expeditiously. Blasdel is subject to sanctions under 28 U.S.C. § 1927.

FN4. In fact, to avoid the conflict of interest in attorney Blasdel's representation, he is willing to have judgment entered in favor of Reilly in the amended action. There is no indication the other defendants, who insisted Reilly was an indispensable party, would agree.

Alternative sanctions under 28 U.S.C. § 1927 should also be limited to the excess costs and attorneys' fees incurred as a result of the sanctioned conduct.

An appropriate order follows.

ORDER

AND NOW, this 4th day of June, 1997, upon consideration after notice and hearing, it is ORDERED that:

1. Defendant Reilly's motion to disqualify counsel is GRANTED and William G. Blasdel, Jr. Esq. may not represent Joseph L. Schwartz, plaintiff in this action;

2. Reilly's motion for sanctions against attorney Blasdel under Rule 11 is GRANTED;

3. Reilly's alternative motion for sanctions against attorney Blasdel under 28 U.S.C. § 1927 is GRANTED;

4. Reilly may submit a verified fee petition within ten (10) days for excess costs and attorney's fees incurred as a result of Blasdel's claim that he never represented him;

5. This action shall be placed in ADMINISTRATIVE SUSPENSE for thirty (30) days to allow plaintiff Schwartz to obtain substitute counsel. Schwartz or new counsel shall inform the court on or before July 7, 1997, of the status of this action.

END OF DOCUMENT

EX-Q

Joseph L. SCHWARTZ
v.
INDUSTRIAL VALLEY TITLE INSURANCE CO., National Abstract Agency, Inc., Richard B. Moore, Joseph N. Reilly, and Jerald Gardiner

No. CIV. A. 96-5677.

United States District Court, E.D. Pennsylvania.

June 5, 1997.

MEMORANDUM AND ORDER

SHAPIRO, J.

*1 Joseph L. Schwartz ("Schwartz") filed this action in August, 1996, to collect from Richard B. Moore ("Moore") on a purchase money mortgage, or, in the alternative, to collect the value of the mortgage from National Abstract Agency, Inc. ("National Abstract") or Industrial Valley Title Insurance Co. ("IVT"). National Abstract, in moving to dismiss Schwartz's complaint, alleged in part that Schwartz had failed to implead his former partner, Joseph N. Reilly ("Reilly"), and Jerald Gardiner ("Gardiner"), a notary public. The court, granting National Abstract's motion to dismiss in part, gave Schwartz leave to amend the complaint and join Reilly and Gardiner. Schwartz joined Reilly and Gardiner as indispensable parties. Before the court now are Reilly's motions to disqualify Schwartz's counsel, William G. Blasdel, Jr., Esq. ("Blasdel"), and for sanctions under F.R.Civ.P. Rule 11 and 28 U.S.C. § 1297.

I. FACTS

In June, 1988, Moore and Nicholas Lorimer ("Lorimer") bought 1434-36 Kater Street ("Kater Street property") from Schwartz and Reilly. Moore and Lorimer agreed to borrow $66,000 from Schwartz and Reilly, and to pay ten percent (10%) interest in monthly installments of $550; the debt was recorded in a note and a purchase money mortgage. Moore and Lorimer paid the monthly interest through April, 1990, but not since then. Moore and Lorimer have paid none of the principal.

Schwartz and Reilly had borrowed money from Meridian Bank ("Meridian") in 1986. In early 1990, Schwartz authorized Reilly to give Meridian a security interest in the mortgaged Kater Street property or the mortgage interest payments due Schwartz and Reilly from Moore and Lorimer. Schwartz claims Reilly, acting outside the scope of Schwartz's authorization, had the Moore/Lorimer mortgage marked satisfied in exchange for a new mortgage executed by Lorimer in favor of both Schwartz and Reilly but assigned to Meridian. This transaction took place on February 12, 1990 without Schwartz's knowledge.

The February 12, 1990 closing was held at the National Abstract office. National Abstract prepared the closing documents, including: 1) a Mortgage Satisfaction for the Moore/Lorimer 1988 mortgage on the Kater Street property; 2) a new Mortgage, Bond and Warrant on the Kater Street property from Lorimer to Schwartz and Reilly; 3) an assignment of the new Lorimer Mortgage, Bond and Warrant from Schwartz and Reilly to Meridian; and 4) an IVT title insurance policy naming Meridian as the insured. Both the Mortgage Satisfaction and the Assignment to Meridian required Schwartz's signature. Schwartz claims he never signed those documents. He did not attend the closing; National Abstract did not notify him of the closing, or communicate with him in any way. He did not receive money for satisfaction of the mortgage.

At the closing, Reilly told the notary public, Gardiner, that Schwartz had verbally authorized the Mortgage Satisfaction. Gardiner did not confirm this authorization with Schwartz. Instead, Gardiner witnessed and notarized all the documents prepared by National Abstract and attested to the identities of parties executing the documents, including Schwartz.

*2 Schwartz retained Blasdel on July 16, 1993, to represent him in Meridian Bank v. Schwartz; the bank had confessed judgment against Schwartz on the 1986 joint loan signed by Schwartz and Reilly. A week later, Schwartz and Reilly met with Blasdel to discuss a possible counterclaim against Meridian. Based on that discussion, Reilly also retained Blasdel and signed a "Power of Attorney/Contingency Fee Agreement" which read, in part,

> I ... appoint William G. Blasdel, Jr., Esquire as my true and lawful attorney to act for me, and in my name in the matter of my claims arising from the loan documents signed on November 13, 1986, the litigation known as Meridian Bank v. Joseph L. Schwartz, and matters arising subsequently or ancillary thereto. I acknowledge the potential conflict of interest with the representation of my interests and the interests of Joseph L. Schwartz, and I waive such conflict of interest.

Pl. Answer to Motion to Disqualify Counsel, Ex. C

(emphasis added). The strategy Blasdel devised to defend Meridian Bank v. Schwartz included joining Reilly and "Reilly and Schwartz" as third-party defendants. Reilly authorized Blasdel to accept service and appear for him in Meridian Bank v. Schwartz; Reilly never paid any fees to Blasdel. The Meridian litigation settled May 3, 1994.

On February 14, 1996, as part of the settlement in Meridian Bank v. Schwartz, Meridian assigned Schwartz its interest in the Kater Street property, subject to the Lorimer mortgage. Meridian advised Schwartz that the bank never received any payments on the Kater Street mortgage.

Schwartz claims he did not learn of the Lorimer mortgage on the Kater Street property, and its assignment to Meridian on February 12, 1990, until he received a copy of the assignment in 1996, even though Lorimer listed Schwartz and Reilly as creditors when he filed for bankruptcy on August 22, 1990. [FN1] In August, 1996, Schwartz filed this action against Moore, IVT and National Abstract; he claims he is still owed the principal and interest on the original Moore/ Lorimer mortgage because he did not authorize its satisfaction. At a January 6, 1997, hearing on all outstanding motions, the court granted in part National Abstract's motion to dismiss Schwartz's complaint because Schwartz had failed to name two indispensable parties, Reilly and Gardiner. On January 20, 1997, Schwartz filed an amended complaint joining Reilly and Gardiner.

FN1. Lorimer's debts were discharged on March 21, 1991.

Reilly then moved to disqualify Blasdel as Schwartz's counsel because Reilly, a current or former client of Blasdel's, had not consented to Blasdel's representation of Schwartz in litigation adverse to his interests. Following an evidentiary hearing on Reilly's motion to disqualify Blasdel, Schwartz was permitted to file a supplemental brief on Blasdel's disqualification as a potential witness. On April 10, 1997, Reilly also moved for sanctions against Blasdel, under F.R.Civ.P. Rule 11 or 28 U.S.C. § 1927.

II. DISCUSSION

1. Disqualification of Plaintiff's Counsel

*3 Reilly moves to disqualify Blasdel as counsel for Schwartz because Blasdel's representation violates Pennsylvania's Rules of Professional Conduct 1.7 and 1.9. An attorney's responsibility to a current client is governed by Rule 1.7:

> (a) A lawyer shall not represent a client if the representation of that client will be directly adverse to another client, unless:
> (1) the lawyer reasonably believes the representation will not adversely affect the relationship with the other client; and
> (2) each client consents after consultation.
> (b) A lawyer shall not represent a client if the representation of that client may be materially limited by the lawyer's responsibilities to another client or to a third person, or by the lawyer's own interests, unless:
> (1) the lawyer reasonably believes the representation will not be adversely affected; and
> (2) the client consents after full disclosure and consultation. When representation of multiple clients in a single matter is undertaken, the consultation shall include explanation of the implications of the common representation and the advantages and risks involved.

Blasdel argues that he never represented Reilly, but even if he did, Reilly is a former client who consented to Blasdel's adverse representation of Schwartz. An attorney's responsibility to a former client is governed by Rule 1.9:

> A lawyer who has formerly represented a client in a matter shall not thereafter:
> (a) represent another person in the same or a substantially related matter in which that person's interests are materially adverse to the interests of the former client unless the former client consents after full disclosure of the circumstances and consultation; or
> (b) use information relating to the representation to the disadvantage of the former client except as Rule 1.6 would permit with respect to a client or when the information has become generally known.

Blasdel argues that Reilly waived any conflict of interest when he signed the "Power of Attorney/ Contingency Fee Agreement" in 1986 in connection with the Meridian litigation.

The evidentiary hearing on the motion to disqualify suggested Blasdel might be called as a witness because settlement of the 1993 Meridian action involved the Kater Street property. Rule 3.7(a) of the Rules of Professional Conduct provides:

> A lawyer shall not act as advocate at a trial in which the lawyer is likely to be a necessary witness except

where:
(1) the testimony relates to an uncontested issue;
(2) the testimony relates to the nature and value of legal services rendered in the case; or
(3) disqualification of the lawyer would work substantial hardship on the client.

Reilly's motion to disqualify Blasdel raises four questions: a) Did or does Blasdel represent Reilly; b) Is this action substantially related to the Meridian litigation; c) Did Reilly consent to Blasdel's representation of Schwartz in this matter; and d) Is Blasdel likely to be a witness in this action.

a. Blasdel's representation of Reilly

*4 An attorney-client relationship is formed when the client consents to an attorney's providing legal services. Committee on Prof. Ethics and Grievances of the Virgin Islands Bar Ass'n v. Johnson, 447 F.2d 169, 174 (3d Cir.1971) (lawyer's suspension from the bar for professional misconduct reversed for procedural error). An attorney-client relationship can be inferred from conduct if the client requested legal services and the attorney accepted. Stainton v. Tarantino, 637 F.Supp. 1051, 1066 (E.D.Pa.1986) (no attorney-client relationship where attorney performed legal services principally for his own benefit although his business partners benefitted from his legal work).

Absent an express contract, an implied attorney/client relationship will be found if 1) the purported client sought advice or assistance from the attorney; 2) the advice sought was within the attorney's professional competence; 3) the attorney expressly or impliedly agreed to render such assistance; and 4) it is reasonable for the putative client to believe the attorney was representing him.

Atkinson v. Haug, 424 Pa.Super. 406, 622 A.2d 983, 986 (Pa.Super.1993) (citing Sheinkopf v. Stone, 927 F.2d 1259 (1st Cir.1991) (attorney acting as an investor had not formed an attorney/client relationship with a fellow investor).

Blasdel represented Reilly in the Meridian action. He met with Reilly to discuss strategy. He entered an appearance on behalf of Reilly, and accepted service for Reilly. Reilly agreed to and signed a Power of Attorney/Contingency Fee Agreement that expressly stated Blasdel was his attorney. Within the last year, and as recently as January, 1997, Reilly gave Blasdel information pertaining to Reilly's business with Schwartz, including copies of mortgages and the title report for the Kater Street property. Reilly considered Blasdel his attorney until Schwartz joined Reilly as a defendant in this action; Reilly then secured new counsel.

It is not necessary to determine Reilly's status as a former or current client if Blasdel's representation of Schwartz would violate both Rules 1.7 and 1.9. See, e.g., Vanderveer Group v. Petruny. In Vanderveer Group, TVG's counsel filed an action against MMG. TELERx, MMG's 51% owned subsidiary, was not a party to the action, but had been represented by TVG's counsel until a month after the action was filed. When discovery in the TVG-MMG action revealed that material TVG considered proprietary was being used by TELERx, TVG then filed a related action against TELERx. TVG's counsel argued its prior representation of TELERx did not provide it with TELERx confidences material to the litigation. The court held that TVG's counsel had "gained a greater understanding of the general operating procedures of TELERx"; this caused a "serious potential for conflict of interest[.]" Id. at *6.

*5 Moreover, even if there is little or no danger of a breach of client confidences which directly and specifically implicated the issues in this litigation, there is still a conflict of interest problem inherent in the continued representation of TVG in a matter in which the interests of TVG and TELERx are directly and materially adverse, and such conflict exists no matter whether the standards of Rule 1.7 or of Rule 1.9 are applied. Both Rule 1.7 and Rule 1.9 give effect to the overarching principle that an attorney owes a duty of loyalty to clients and should not be involved in litigation in which loyalties to two current clients or to a current and a former client are likely to be divided. Thus, an attorney should avoid situations in which the duty of loyalty to one client might be impaired by the equally important duty to vigorously represent the other client.

Vanderveer Group v. Petruny, 1994 WL 314257 at *7 (E.D.Pa.1994) (counsel disqualified as a result of conflicts of interest violating both rules). Blasdel likewise owed Reilly a duty of loyalty, as a former or a current client; there is a conflict of interest under either Rule 1.7 or Rule 1.9.

b. Relationship to the Meridian litigation

Schwartz claims that the Meridian litigation is separate from, and unrelated to, this action. The existence of a substantial relationship is determined by: 1) the scope of the prior representation; 2) the nature of the prior action; 3) and whether relevant confidential

information might have been disclosed in the prior representation. Reading Anthracite Co. v. Lehigh Coal & Navigation Co., 771 F.Supp. 113, 115 (E.D.Pa.1991); INA Underwriters Ins. Co. v. Nalibotsky, 594 F.Supp. 1199, 1206 (E.D.Pa.1984); Tran v. Meyers, 1995 WL 584374 *2 (E.D.Pa.1995); Rickards v. CertainTeed Corp., 1995 WL 120231 (E.D.Pa.1995). There is a substantial relationship where "facts pertinent to the problems for which the original legal services were sought are relevant to subsequent litigation." United States Football League v. National Football League, 605 F.Supp. 1448, 1459 (S.D.N.Y.1985); see also, Tran, 1995 WL 584374 at *2.

The Meridian litigation related to funds owed the bank by Reilly and Schwartz. That debt was originally unrelated to the Kater Street property. However, Schwartz authorized Reilly to pledge to Meridian payments due them under the Moore-Lorimer purchase money mortgage on the Kater Street property as security for their bank debt. Instead, on February 12, 1990, the Kater Street Moore-Lorimer mortgage was satisfied and a new mortgage from Lorimer only was assigned to Meridian as collateral for the original Reilly and Schwartz loan. Settlement of the Meridian litigation involved that 1990 mortgage. Reilly gave Blasdel documents pertaining to the Kater Street property in connection with the settlement. The Meridian litigation, and Blasdel's representation of Reilly, are substantially related to this litigation.

c. Reilly's consent to Blasdel's adverse representation of Schwartz

*6 Schwartz argues that Reilly has waived any possible conflict of interest in this action when he consented to the adverse representation in the Meridian action. The right to be fully informed about possible conflicts of interest cannot be easily waived. International Longshoremen's Ass'n., Local Union 1332 v. International Longshoremen's Ass'n., 909 F.Supp. 287, 292 (E.D.Pa.1995) (conflict of interest not waived where defendant's counsel spoke only to plaintiff's counsel and not to plaintiff directly). "Attorneys must consult with their clients about potential conflicts of interest, and must disclose the facts and circumstances surrounding the conflicts to such an extent that the clients appreciate the significance of the conflict." Id. See also, Brennan v. Independence Blue Cross, 949 F.Supp. 305, 308 (E.D.Pa.1996) (no waiver of conflict of interest although defendant could have surmised that plaintiff's counsel might represent plaintiff against defendant).

Reilly did consent to Blasdel's representation of Schwartz against Reilly in the Meridian litigation "and matters arising subsequently or ancillary thereto," but Reilly consented after consulting with Blasdel and learning Blasdel's strategy in that litigation. Blasdel did not inform Reilly that he would represent Schwartz in any future dispute between Schwartz and Reilly in connection with the 1990 closing. Reilly's 1993 consent is inadequate to constitute a waiver in this litigation.

d. Blasdel as a likely witness

Rule of Professional Conduct 3.7(a) prohibits an attorney from acting as an advocate in a trial where he or she is likely to be called as a witness. At this stage of the litigation, it is not clear whether Blasdel is likely to be a witness. It is possible that defendants will depose Blasdel to determine his knowledge of the February 12, 1990 closing when the Meridian litigation was settled. "Nothing in Rule 3.7 prevents [an attorney/witness] from representing [the client] in all pretrial matters, including discovery." Lebovic v. Nigro, 1997 WL 83735 at * 1 (E.D.Pa.1997) (motion to disqualify denied without prejudice to renew if discovery reveals counsel is likely to be a necessary witness at trial). Blasdel would not be disqualified as Schwartz's counsel solely because he might be a prospective witness unless that prospect would become likely rather than merely possible. [FN2]

FN2. Schwartz filed a supplemental brief on whether Blasdel is a likely witness. Schwartz denies Blasdel has any knowledge of the original Lorimer/Moore purchase money mortgage or the 1990 Lorimer mortgage assignment to Meridian. Schwartz admits that Reilly might call Blasdel as a witness. Schwartz suggests the court "grant judgment in favor of Defendant Joseph N. Reilly and against Plaintiff Joseph L. Schwartz in this matter" on Reilly's asserted defense of statute of limitations. Pl. Supp. Br. Opp. Def. Motion to Disqualify Counsel at 3.
Reilly has not moved for summary judgment on the statute of limitations bar. Granting Reilly judgment at this stage of the litigation would be inappropriate unless "the complaint facially shows noncompliance with the limitations period ..." Oshiver v. Levin, Fishbein, Sedran & Berman, 38 F.3d 1380, 1384 n. 1 (3d Cir.1993). Schwartz alleges in the complaint and amended complaint that he did not know of the February 12, 1990 closing until 1996. If there is a statutory bar, it would appear to apply to all defendants. There is no reason for the court sua sponte to grant judgment solely in Reilly's favor.

2. Reilly's Motions for Sanctions

Reilly moves for sanctions against Blasdel under F.R.Civ.P. Rule 11 and 28 U.S.C. § 1927.

a. Rule 11

Rule 11(b) provides:

> By presenting to the court (whether by signing, filing, submitting, or later advocating) a pleading, written motion, or other paper, an attorney ... is certifying that to the best of the person's knowledge, information, and belief, formed after an inquiry reasonable under the circumstances,--
> *7 (1) it is not being presented for any improper purpose, such as to harass or to cause unnecessary delay or needless increase in the cost of litigation;
> (2) the claims, defenses, and other legal contentions therein are warranted by existing law or by a nonfrivolous argument for the extension, modification, or reversal of existing law or the establishment of new law;
> (3) the allegations and other factual contentions have evidentiary support or, if specifically so identified, are likely to have evidentiary support after a reasonable opportunity for further investigation or discovery; and
> (4) the denials of factual contentions are warranted on the evidence or, if specifically so identified, are reasonably based on a lack of information or belief.

In Cooter & Gell v. Hartmarx Corp., the Supreme Court held:

> Determining whether an attorney has violated Rule 11 involves a consideration of three types of issues. The court must consider factual questions regarding the nature of the attorney's prefiling inquiry and the factual basis of the pleading or other paper. Legal issues are raised in considering whether a pleading is "warranted by existing law or a good faith argument" changing the law and whether the attorney's conduct violated Rule 11. Finally, the district court must exercise its discretion to tailor an "appropriate sanction."

Cooter & Gell v. Hartmarx Corp., 496 U.S. 384, 399, 110 S.Ct. 2447, 110 L.Ed.2d 359 (1990) (Court upheld Rule 11 sanctions imposed after involuntary dismissal). Rule 11 sanctions may reimburse the moving party for the expense of litigating those pleadings that violated Rule 11. Id. at 406.

Reilly moves for imposition of sanctions because Blasdel, in "Answer of Plaintiff Schwartz to Motion to Disqualify Counsel," denied he had represented Reilly in the Meridian action. "On the contrary, Attorney Blasdel was an adversarial counsel against Reilly, and did not represent Reilly in Meridian v. Schwartz." Pl. Ans. to Motion to Disqualify Counsel, ¶ 5. Blasdel had an insufficient factual basis for claiming he never represented Reilly in the Meridian litigation; he knew he had entered an appearance on Reilly's behalf in Meridian and had obtained Reilly's signed "Power of Attorney/Contingency Fee Agreement" appointing Blasdel as his attorney and waiving any conflict of interest that might arise under Rule 1.7. Blasdel's bald assertion, both in pleadings and at the hearing on Reilly's motion to disqualify, that he had not represented Reilly in the Meridian litigation was a violation of Rule 11. [FN3]

FN3. Schwartz now claims there was no partnership or joint venture called "Reilly and Schwartz." In Schwartz's answer to the motion to disqualify him, Blasdel asserts, "REILLY AND SCHWARTZ is a non-existent entity referred to in several Meridian documents as the legal partnership of Schwartz and Reilly doing business with the bank, and as the actual debtor on the 1986 Meridian loan." Pl. Ans. to Motion to Disqualify Counsel, n. 1. But appended to Schwartz's answer is the "Complaint of Defendant Joseph L. Schwartz Against Additional Defendants Joseph Reilly, Reilly and Schwartz, and David C. Bragg" from the Meridian litigation; it states, "Additional Defendant REILLY AND SCHWARTZ is a Pennsylvania partnership with it's [sic] sole place of business at 1614 Naudain Street, Philadelphia, PA, 19107, and is a citizen of the Commonwealth of Pennsylvania." Pl. Ans. to Motion to Disqualify Counsel, Ex. C at ¶ 2.

Having asserted the existence of the partnership in prior litigation, Schwartz is judicially estopped from stating that Reilly and Schwartz is a "non-existent entity" or that they were never partners. See, McCarron v. Federal Dep. Ins. Corp., 111 F.3d 1089 (3d Cir.1997); Government of the Virgin Islands v. Paniagua, 922 F.2d 178, 183 (3d Cir.1990); Murray v. Silberstein, 882 F.2d 61, 66 (3d Cir.1989) ("the law of this circuit bar [s] switches of position of this kind"); Oneida Motor Freight, Inc. v. United Jersey Bank, 848 F.2d 414, 419 (3d Cir.1988). Judicial estoppel "prevent[s] a party from playing 'fast and loose' with courts by asserting contradictory positions." McCarron, 111 F.3d at 1097, citing United States v. Vastola, 989 F.2d 1318, 1324 (3d Cir.1993).

These contradictory assertions, appearing in the main body and appendix of the same filing, may constitute further violation of Rule 11. Reilly did not include this particular contradiction in his motion for sanctions. Without notice to the plaintiff, the court cannot impose Rule 11 sanctions. Jones v. Pittsburgh Nat'l Corp., 899 F.2d 1350, 1357 (3d Cir.1990) (Prior to sanctioning an attorney, a court must provide the party with notice of and some opportunity to respond to the charges.). The

court will not sanction Blasdel for this, but Schwartz and any substitute counsel he obtains may not assert the non-existence of the partnership.

In Schwartz's answer to Reilly's motion to disqualify, Blasdel asserted two other bases for the denial of the motion: 1) the Meridian litigation was not substantially related to the instant action, and 2) Reilly waived his objections to any conflict of interest by signing the "Power of Attorney/Contingency Fee Agreement." These assertions, while erroneous, did not violate Rule 11 per se. An appropriate measure for sanctions is "those expenses directly caused by the improper filing." Waltz v. County of Lycoming, 974 F.2d 387, 390 (3d Cir.1992). Here it is the attorney's fees charged Reilly for responding to Blasdel's claim he never represented Reilly.

b. 28 U.S.C. § 1927

*8 Reilly has moved to sanction Blasdel under 28 U.S.C. § 1927, which provides:

> Any attorney or other person admitted to conduct cases in any court of the United States or any Territory thereof who so multiplies the proceedings in any case unreasonably and vexatiously may be required by the court to satisfy personally the excess costs, expenses, and attorneys' fees reasonably incurred because of such conduct.

"[T]he principal purpose of imposing sanctions under 28 U.S.C. § 1927 is 'the deterrence of intentional and unnecessary delay in the proceedings.' " Zuk v. Eastern Pennsylvania Psychiatric Inst. of the Med. Coll. of Pennsylvania, 103 F.3d 294, 297 (3d Cir.1996) quoting Beatrice Foods Co. v. New England Printing and Lithographing Co., 899 F.2d 1171, 1177 (Fed.Cir.1990). Section 1927 requires a showing of bad faith. Jones v. Pittsburgh National Corp., 899 F.2d 1350, 1358 (3d Cir.1990).

Schwartz did not name Reilly in the original complaint, but Schwartz's complaint against the original defendants would have been dismissed without joinder of additional indispensable parties. [FN4] Blasdel should have informed the court of his potential conflict of interest when the court heard defendants' motion to dismiss for failure to join an indispensable party. His denial that he represented Reilly in the Meridian litigation, in pleadings and at the hearing on Reilly's motion to disqualify counsel, is hard to understand. His motive may have been to preserve his client's action against the original defendants, but his action is unacceptable. Blasdel acted in bad faith by denying his prior representation of Reilly. Had he admitted the potential conflict of interest to the court at the original hearing, Schwartz could have obtained new counsel sooner, Reilly would not have moved for Blasdel's disqualification, and the litigation would have proceeded more expeditiously. Blasdel is subject to sanctions under 28 U.S.C. § 1927.

> FN4. In fact, to avoid the conflict of interest in attorney Blasdel's representation, he is willing to have judgment entered in favor of Reilly in the amended action. There is no indication the other defendants, who insisted Reilly was an indispensable party, would agree.

Alternative sanctions under 28 U.S.C. § 1927 should also be limited to the excess costs and attorneys' fees incurred as a result of the sanctioned conduct.

An appropriate order follows.

ORDER

AND NOW, this 4th day of June, 1997, upon consideration after notice and hearing, it is ORDERED that:

1. Defendant Reilly's motion to disqualify counsel is GRANTED and William G. Blasdel, Jr. Esq. may not represent Joseph L. Schwartz, plaintiff in this action;

2. Reilly's motion for sanctions against attorney Blasdel under Rule 11 is GRANTED;

3. Reilly's alternative motion for sanctions against attorney Blasdel under 28 U.S.C. § 1927 is GRANTED;

4. Reilly may submit a verified fee petition within ten (10) days for excess costs and attorney's fees incurred as a result of Blasdel's claim that he never represented him;

5. This action shall be placed in ADMINISTRATIVE SUSPENSE for thirty (30) days to allow plaintiff Schwartz to obtain substitute counsel. Schwartz or new counsel shall inform the court on or before July 7, 1997, of the status of this action.

END OF DOCUMENT

Ex-R

Not Reported in F.Supp.
(Cite as: 1997 WL 158280 (D.Del.))

Harold L. LEONARD, Plaintiff,
v.
The UNIVERSITY OF DELAWARE, a corporation of the State of Delaware, Paul Mettler and Mary Martin, Defendants.

Civil Action No. 96-360 MMS.

United States District Court,
D. Delaware.

Argued Feb. 20, 1997.

Decided March 20, 1997.

Jeffrey K. Martin of Jeffrey K. Martin, P.A., Wilmington, DE, for plaintiff.

Kathleen Furey McDonough and Todd L. Goodman, of Potter Anderson & Corroon, Wilmington, DE, for defendants.

OPINION

MURRAY M. SCHWARTZ, Senior District Judge.

I. INTRODUCTION

*1 Plaintiff Harold L. Leonard ("Leonard") filed this suit against the University of Delaware ("the University"), Paul Mettler, and Mary Martin (collectively, "the University defendants"), alleging he was wrongfully terminated from the graduate Physical Therapy program ("the P.T. Program") at the University of Delaware. He also alleges the University violated the terms of a 1993 Settlement Agreement between Leonard and the University defendants. [FN1] Pending before the Court are: (1) Leonard's motion to disqualify Kathleen F. McDonough, Esquire, ("McDonough") as trial counsel for the University defendants; and (2) the University defendants' motion for attorneys' fees pursuant to Rule 26(g)(3) of the Federal Rules of Civil Procedure. For the reasons that follow: (1) the motion to disqualify McDonough will be denied; and (2) the motion for attorneys' fees will be granted.

FN1. Mary Martin, one of the University defendants in this case, was not a party to the 1993 Settlement Agreement. Docket Item ("D.I.") 29 at 8. The University, Paul Mettler, and Kenneth W. Seaman were the "University defendants" for purposes of the 1993 Settlement Agreement. Id.

I. FACTUAL BACKGROUND

Leonard was a student enrolled in the University's graduate P.T. Program. Unfortunately, his stint at the University was pockmarked with rancor and tumult. In 1992, Leonard sued (in the Middle District of Pennsylvania) the University, two members of the P.T. Program faculty, and a clinical instructor in connection with a clinical affiliation course he had flunked. In July of 1993, the parties executed a Settlement Agreement, stipulating to a dismissal of the suit. Throughout the negotiation and execution of the Settlement Agreement, Leonard was represented by James F. Heinly, Esquire ("Heinly"), a Pennsylvania attorney, and the University defendants were represented by McDonough. The Settlement Agreement permitted Leonard an opportunity to complete the P.T. program, subject to some conditions. Docket Item ("D.I.") 29 at Exhibit ("Exh.") A-8-14.

But the discord did not end in 1993. In late September or early October of 1994, Heinly accompanied Leonard to a meeting with the University to discuss Leonard's academic status. D.I. 29 at Exh. C-2. McDonough was among those present at that meeting. D.I. 38 at Exh. F-75-77. In an affidavit, Heinly defined the "principal purpose of this meeting" as "to get together and discuss the Physical Therapy department's request that Mr. Leonard undergo psychological or psychiatric counseling in order to continue to be enrolled at the University of Delaware's Physical Therapy Program." D.I. 29 at Exh. C-2. McDonough did not recall discussing psychiatric counseling for Leonard at that meeting, however, D.I. 38 at Exh. F-77, and the University defendants deny ever holding a meeting to insist Leonard undergo psychological or psychiatric counseling.

On February 27, 1995, Leonard was

terminated from the program for failure to maintain a minimum 3.0 grade point average. [FN2] Docket Item ("D.I.") 38 at Exhibit ("Exh.") B. After his termination, Leonard challenged several grades he had received in the P.T. Program through an elaborate four-step grievance procedure provided by the University. [FN3] Ms. McDonough, counsel for the University defendants in this matter, also provided legal advice to the University defendants concerning Leonard as he exhausted the University grievance procedures. D.I. 29 at Exh. B-1, 10, 15.

FN2. The P.T. Program adheres to the University grading system, which is based on the familiar four-point scale--an A in a course is worth 4.0 points per credit, a B is worth 3.0 points, a C, 2.0 points, and a D, 1.0 point. A failure, or an F, is worth no points per credit, of course. D.I. 38 at Exhibit ("Exh.") A-29. There are also gradations within those five basic letter grades; for example, an A- is worth 3.67 points per credit, a grade of B+ is worth 3.33 points per credit, and so on down to a D-, which is worth a mere 0.67 points per credit. Id. Classes which are graded on a Pass/Fail basis are not counted in the computation of a student's cumulative grade point average ("GPA"). To be eligible for a graduate degree, students at the University of Delaware must have a minimum cumulative GPA of 3.0, or a B average. D.I. 38 at Exh. A-14. At the time of his termination, it appears Leonard had a cumulative GPA of 2.906 and could take only Pass/Fail classes to fulfill the requirements of the PT curriculum. D.I. 38 at Exh. B.

FN3. In Step 1 of the procedure, the faculty member who issued the grade at issue is obligated to meet with the complainant student. If Step 1 does not solve matters, the student is permitted to appeal to a chairperson in the faculty member's department in Step 2. If still dissatisfied, the student can obtain a hearing before a five-member panel in Step 3. The panel typically includes three faculty members, only one of whom hails from the department involved in Step 2, and two student members. The final step, step Committee of the University Faculty Senate. D.I. 38 at Exh. C- 48-50.

*2 Several of the grievance hearings are of particular interest for purposes of these motions. In December of 1995, Leonard challenged a grade he had been given for a class with the course number PHYT-621. At this hearing ("the 621 hearing"), Leonard allegedly violated the University Code of Conduct by distributing patient records to the hearing panel without redacting the names of the patients from the records and without the consent of the patients. Apparently, he was successful in his effort to change his grade for PHYT-621. [FN4]

FN4. As will be shown, Heinly alleges McDonough told him she had "advised the board against making a finding favorable to Dr. Leonard but ... the Board [sic] had obviously disregarded her advice." D.I. 29 at Exh. C-2.

Members of the 621 hearing panel later served on a May 1996 hearing panel assembled to review a grade Leonard received in a course entitled PHYT-619. D.I. 29 at Exh. D. This May 1996 panel ("the 619 panel") ruled against Leonard and refused to alter his grade. Further, members of the 621 panel later acted as witnesses at an ethics hearing ("the ethics hearing") in June of 1996; the ethics panel, after hearing the testimony of members of the 621 panel, ruled Leonard had violated the University Code of Conduct and recommended his dismissal from the University. [FN5]

FN5. This last ruling--that Leonard be dismissed--seems to have been academic; as of February of 1995, he had already been terminated from the University for his failure to achieve a 3.0 grade point average. D.I. 38 at Exh. B.

This is where the controversy surrounding the extent of McDonough's involvement reaches its highest pitch. Heinly, again, through affidavit, alleges he engaged in a telephone conversation with McDonough in April of 1996. D.I. 29 at Exh. C-1. According to Heinly, their discourse touched on the 621 hearing, at which Leonard had sought a change in his grade. Id. at Exh. C-1, 2. As Heinly tells it, McDonough confided to him in that conversation that "she advised the board against making a finding favorable to Dr. Leonard but that the Board [sic] had obviously disregarded her advice." Id. at Exh. C-2.

McDonough has denied (1) ever making that statement to Heinly, and (2) advising the 621 panel how to rule. D.I. 38 at Exh. F-100-102. When informed of McDonough's categorical denial, Heinly retorted "[t]here is no question in my mind that Ms. McDonough did make [the statement quoted above] during the course of the telephone conversation in April 1996." D.I. 29 at Exh. C-2.

According to Leonard, McDonough failed in her attempt to thwart him in the 621 hearing. But Leonard implies that her darker purposes were ultimately served. The members of the 621 board to whom McDonough proffered her advice, Leonard notes, ruled against him in the 619 hearing in May of 1996 and later served as the key witnesses against Leonard in the ethics hearing in June of 1996. [FN6] This shows, according to Leonard, that McDonough was a "direct co-conspirator in an effort to terminate [him] from the Physical Therapy Program." D.I. 41 at 1.

FN6. At this point, a brief chronological recap might be useful: 09/94-10/94: Meeting among Leonard and University representatives, allegedly to discuss psychological counseling for Leonard.
02/95: Leonard terminated from University for failure to maintain 3.0 GPA.
12/95: 621 hearing panel rules in favor of Leonard.
04/96: Alleged telephone conversation between Heinly and McDonough.
05/96: 619 hearing panel rules against Leonard.
06/96: Ethics hearing panel recommends Leonard's dismissal.

III. DISCUSSION

A. Leonard's Motion to Disqualify McDonough as Trial Counsel

Leonard argues McDonough cannot serve as trial counsel for the University defendants because Rule 3.7 of the Model Rules of Professional Conduct of the American Bar Association ("Rule 3.7") forbids her from doing so. [FN7] Rule 3.7 provides, in general, "[a] lawyer shall not act as advocate at a trial in which the lawyer is likely to be a necessary witness...." [FN8] Recognizing this prohibition, the University defendants have consistently disavowed any present intention of utilizing McDonough as a trial witness. Therefore, as movant, Leonard bears the burden of establishing disqualification is appropriate. Kalmanovitz v. G. Heileman Brewing Co., Inc., 610 F.Supp. 1319, 1323 (D.Del.1985); see also World Youth Day. Inc. v. Famous Artists Merchandising Exch., 866 F.Supp. 1297, 1299 (D.Colo.1994).

FN7. Leonard seeks to disqualify McDonough only as trial counsel; he "takes no position" as to McDonough's participation as counsel for the University defendants until trial. D.I. 28 at 3 n. 2. Local rules for the District of Delaware incorporate the Model Rules of Professional Conduct of the American Bar Association as governing the conduct of attorneys appearing before this Court. D. DEL. R. Civ. P. 83.6(d)(2) (1995).

FN8. There are three exceptions to this general rule; none is relevant to this dispute.

*3 Nearly ten years ago, this Court had occasion to visit the standards for disqualification under then-nascent rule 3.7. In Cannon Airways, Inc. v. Franklin Holdings Corp., this Court held that Rule 3.7 "requires the opposing party to bear a higher burden on a disqualification motion, permits the court to delay ruling until it can determine whether another witness can testify, and precludes disqualification if the lawyer's testimony would merely be cumulative." [FN9] 669 F.Supp. 96, 100 (D.Del.1987) (citations omitted); see also United Food & Commercial Workers Health & Welfare Fund of Northeastern Pa. v. Darwin Lynch Adm'rs. Inc., 781 F.Supp. 1067, 1069-70 (M.D.Pa.1991) (quoting Cannon). These standards still hold true. Other courts have elaborated, refraining from denominating trial counsel as "likely to be a necessary witness" unless shown three things: (1) the attorney will give evidence material to the determination of issues being litigated; (2) the evidence cannot be obtained elsewhere; and (3) the testimony is prejudicial or potentially prejudicial to the testifying attorney's client. [FN10] Personalized Mass Media Corp. v. Weather Channel, Inc., 899 F.Supp. 239, 243 (E.D.Va.1995); Cottonwood Estates. Inc. v. Paradise Builders. Inc., 128 Ariz. 99, 624 P.2d 296, 302 (Ariz.1981) (en

banc); LeaseAmerica Corp. v. Stewart, 19 Kan.App.2d 740, 876 P.2d 184, 193 (Kan.Ct.App.1994); Chappell v. Cosgrove, 121 N.M. 636, 916 P.2d 836, 840 (N.M.1996); Sargent County Bank v. Wentworth, 500 N.W.2d 862, 871 (N.D.1993); Public Util. Dist. No. 1 of Klickitat County v. International Ins. Co., 124 Wash.2d 789, 881 P.2d 1020, 1033 (Wash.1994) (en banc) Smithson v. United States Fidelity & Guar. Co., 186 W.Va. 195, 411 S.E.2d 850, 856 (W.Va.1991) (all interpreting state rules patterned, like Delaware's, after Rule 3.7 of the ABA Model Rules of Professional Conduct). In short, Rule 3.7 ensures a litigant's choice of trial counsel will not be lightly disturbed.

FN9. While Cannon interpreted Rule 3.7 of the Delaware Lawyers' Rules of Professional Conduct, its status as persuasive authority remains undiminished. The Delaware Rules of Professional Conduct are patterned after the ABA Model Rules of Professional Conduct, In re Waters, 647 A.2d 1091, 1095 (Del.1994), and Rule 3.7 of the Delaware Rules is identical to the current ABA progenitor.

FN10. This third requirement merely reflects the common-sense realization that trial counsel would not ordinarily be called as a witness by an adverse party.

With the above principles in mind, the Court turns to the merits of Leonard's motion. Leonard's ultimate argument--that McDonough's disqualification as trial counsel is mandated because she will be a "necessary witness" at trial-- is premised on the belief she engaged, along with the University defendants, in a "course of wrongdoing" to prevent Leonard from successfully completing the P.T. program. D.I. 28 at 8. Even accepting Leonard's view of McDonough's actions, however, McDonough's testimony regarding those actions would be either cumulative or beneficial, not antagonistic, to the defense. Accordingly, Leonard's motion to disqualify McDonough as trial counsel for the University defendants will be denied.

McDonough's involvement in this case can be distilled into three discrete areas. First, there is the 1993 Settlement Agreement allegedly breached by the University defendants. At the time, McDonough represented the University defendants. She admits negotiating and helping draft the Agreement. D.I. 38 at Exh. F, p. 22. In his briefing, Leonard does not contend McDonough should be disqualified because of her participation in the 1993 Settlement Agreement. [FN11]

FN11. Nor should he. To date, Leonard has not pointed to a dispute over the terms of the Settlement Agreement, requiring inquiry into the intent of the drafters. Even if there were a dispute over the meaning of the terms of the Settlement Agreement, however, it is unlikely McDonough would be subject to disqualification under Rule 3.7. See Cannon, 669 F.Supp. at 101-02; Studiengesellschaft Kohle. MBH v. Hercules. Inc., No. 86-566, slip op. at 8 (D.Del. Sept. 12, 1988).

*4 Second, there is the late September/early October meeting, the purpose of which, according to Heinly, was to request Leonard to undergo "psychological or psychiatric counseling." McDonough recalls attending a meeting at around that time, but does not recall whether psychological or psychiatric counseling was discussed at the meeting. D.I. 38 at Exh. F, pp. 76-78. While Leonard does not explicitly argue McDonough should be disqualified because she is a "necessary witness" to this meeting, the episode could fall within the penumbra of Leonard's broader claim--that McDonough was a "direct co-conspirator" with the University defendants in a scheme to sack Leonard from the P.T. Program. D.I. 41 at 1.

The testimony of McDonough is not "necessary" with regard to this meeting, however. Since she does not recall the specifics of the meeting, see D.I. 38 at Exh. F, pp. 76-78, her testimony would be unhelpful. Further, and most important, there were other people at the meeting, including Heinly, whom Leonard could call as percipient witnesses. Therefore, any testimony by McDonough, useless as it may be, regarding the late September/early October meeting would be "merely cumulative." Cannon, 669 F.Supp. at 100 (citations omitted).

Third, there is Leonard's most serious allegation: that McDonough advised (to no avail) the 621 panel to rule against Leonard in his attempt to change his grade. [FN12] Members of the 621 panel served as witnesses before the ethics panel, of course, which ultimately recommended Leonard's dismissal. [FN13] Leonard's desire is to call McDonough as a witness at trial and ask her about the statement she allegedly made to Heinly, and the advice she allegedly gave to the hearing panel. While acknowledging attorney-client privilege will foreclose much of his questioning, Leonard maintains "the jury should be given an opportunity to draw a negative inference" from the very fact McDonough rendered advice to the '621 panel to find against Leonard. D.I. 28 at 8. For these reasons, Leonard argues, McDonough must be disqualified as the University's trial counsel under Rule 3.7.

FN12. In the penultimate sentence of his reply brief, Leonard levels a grave charge: that McDonough violated Rule 3.5 of the Delaware Lawyers' Rules of Professional Conduct. D.I. 41 at 2. Rule 3.5 of the Delaware Lawyers' Rules of Professional Conduct provides, in its entirety:

A lawyer shall not:

(a) seek to influence a judge, juror, prospective juror or other official by means prohibited by law;

(b) communicate ex parte with such a person except as permitted by law; or

(c) engage in conduct intended to disrupt a tribunal or engage in undignified or discourteous conduct which is degrading to a tribunal.

Rule 3.5 of the ABA Model Rules, which applies to attorneys appearing in this district, is nearly identical to its Delaware progeny, reproduced above. Leonard's argument seems to be that because McDonough allegedly advised the 621 hearing panel to rule against Leonard, she either: (1) illegally influenced "a judge, juror, prospective juror or other official"; (2) illegally engaged in ex parte communications with a "judge, juror, prospective juror or other official"; or (3) disrupted "a tribunal", in violation of Rule 3.5. Leonard has not pointed to any basis in authority or logic to consider a member of a University grade grievance hearing panel the equivalent of a "judge, juror, prospective juror or other official" within the meaning of Rule 3.5. Therefore, the Court discards this argument as meritless.

FN13. McDonough, although conceding she rendered legal advice to the University regarding Leonard as he pursued various grade grievances, denies advising any hearing panel, whether before, during or after a hearing, regarding action to take against a specific student. D.I. 38 at Exh. F, p. 36.

If each step of Leonard's argument is closely examined, however, it becomes apparent McDonough is not a "necessary witness" as contemplated by Rule 3.7. The University defendants have raised initial questions as to the admissibility of Heinly's affidavit, which alleges McDonough admitted to advising the 621 panel to rule against Leonard. [FN14]

FN14. As the University defendants point out, Leonard may have trouble squeezing the Heinly affidavit into evidence at trial through the ordinarily porous hearsay exclusion rule.

But even if Heinly's testimony were admitted, or it is otherwise revealed that McDonough advised the 621 hearing panel to rule against Leonard in his quest to alter his grade, McDonough will not be transformed into a "necessary witness." As the University defendants point out, the 621 hearing panel was comprised of members of the University Faculty Senate. D.I. 38 at Exh. C. Leonard has conceded McDonough was retained to provide legal advice to the University on various matters; that would encompass dispensing counsel regarding decisions in grievance procedures, such as the 621 hearing. Accordingly, McDonough's testimony would be protected by attorney-client privilege. An attorney will not be disqualified as trial counsel merely because she provided legal advice to a client in the past. See Optyl Eyewear Fashion Int'l Corp. v. Style Co., Ltd., 760 F.2d 1045, 1049-50 (9th Cir.1985) (affirming denial of disqualification because testimony concerning prior legal advice given by trial counsel to party-client would be privileged and movant made no showing trial counsel performed role for party-client other than legal advisor); Studiengesellschaft Kohle, MBH v. Hercules, Inc., No. 86-566, slip op. at 10 (D.Del. Sept.12, 1988) (denying

disqualification motion and recognizing trial counsel will be able to assert attorney-client privilege to matters regarding legal advice given to party-client).

*5 Finally, even were Leonard able to hurdle these evidentiary and privilege obstacles, McDonough would not be a "necessary witness" regarding her alleged advice to the 621 panel. Leonard intends to call Heinly as a witness to McDonough's involvement. D.I. 28 at 4. In addition to Heiniy, there are the members of the 621 panel who also served as members of the 619 panel and the witnesses at the ethical hearing; Leonard identifies them as Kathleen Minkey, Reed Geiger, and John Cushman. D.I. 29 at Exh. D. Thus, at least four witnesses, other than McDonough herself, are available to testify to the University's alleged "course of wrongdoing." Any testimony by McDonough, since she denies making an inculpatory statement to Heinly and advising the 621 panel to rule against Leonard, would only serve to undermine Leonard's case. In short, if McDonough were to take the stand and admit she advised the 621 panel against Leonard, her testimony would be cumulative, and if she denied the allegations in Heinly's affidavit, her testimony would not be prejudicial to the University defendants. Under either scenario, McDonough is not a "necessary witness" and her disqualification is unwarranted under Rule 3.7.

The cases cited by Leonard in support of his disqualification motion are not persuasive. Two of the cases, Mannhalt v. Reed, 847 F.2d 576 (9th Cir.1988), and United States v. Stout, 723 F.Supp. 297 (E.D.Pa.1989), are criminal cases and scarcely worth mentioning here. Suffice to say that both involved attorneys, accused of wrongdoing, who allowed the accusations to interfere with their efforts to represent their clients adequately. As such both Mannhalt and Stout present factual scenarios different than in this case. Mannhalt, 847 F.2d at 581; Stout, 723 F.Supp. at 304-05, 308-10. Leonard also cites an unreported Eastern District of Pennsylvania case, Second & Ashbourne Associates. v. Cheltenham Township, Inc., No. 88-6400, 1989 U.S. Dist. LEXIS 992 (E.D.Pa. Feb. 2, 1989). This case, while closer than Mannhalt and Stout, in that it is a civil case, does not support Leonard's motion for disqualification. In Second & Ashbourne, the court was confronted with various civil rights claims arising from the review and consideration of land development plans. Id. at *2. The Second & Ashbourne court disqualified trial counsel because, as a partner of the plaintiff association, he had negotiated, drafted, and assigned a crucial document, as well as developed, presented, and discussed the land development plans at issue. Id. McDonough's involvement was much less pervasive; nor is she a part-owner of the University.

Leonard's motion to disqualify McDonough as trial counsel for the University defendants will be denied.

B. University Defendants' Motion for Attorneys' Fees

On November 6, 1996, Leonard served the University defendants with 839 requests for admission. See University Defendants' Letter Memorandum of 11/21 at Exh. 1. Even this tally of 839 is artificially low, however; many of the requests were compound, containing several assertions and requiring more than one response to a single request. In addition, while many of the requests were simply incomprehensible, others could be interpreted as offensive to one or more of the University defendants. [FN15]

FN15. For the incomprehensible, see University Defendants' Letter Memorandum of 11/21 at Exh. 1, p. 25 of requests directed to defendant Mary Martin ("The University stated at the level 4 hearing for PHYT-621 that it never assessed any areas to fail Leonard in but professional behavior and attitude, which it admitted were the only areas were it could intervene without allowing Leonard the option to improve and fail him.") and id. at p. 10 of requests directed to defendant University of Delaware ("The University (Stuart Binder-McCloud) indicated at the 611/620 hearing that had reviewed to lend its grading expertise Leonard's papers for those courses, at Paul Mettler's request, between the date

of the two grievance hearings.") (all errors in originals). For the offensive, see id. at p. 17 of requests directed to defendant Paul Mettler ("In Patient Management 1, the University instructed Leonard to cross paths with Lynn Synder- Mackler because she is a 'bitch'.").

*6 At a conference in chambers on November 22, 1996, counsel for Leonard admitted his client, Leonard, had drafted the requests, and that counsel had performed some revisions. D.I. 25 at Exh. F-II. After counsel for Leonard promised to limit and restructure the requests for admission, the Court postponed a decision on the University defendants' request for attorneys' fees to give the parties a chance to resolve the issue amicably. Id. This opportunity went unrealized; the University filed a motion for attorneys' fees pursuant to Rule 26(g) of the Federal Rules of Civil Procedure.

Under the Federal Rules of Civil Procedure, an attorney must sign every discovery request made on behalf of his client. Rule 26(g)(2) provides this signature:

constitutes a certification that to the best of the signer's knowledge, information, and belief, formed after a reasonable inquiry, the request ... is:
(A) consistent with [the rules of discovery] and warranted by existing law or a good faith argument for the extension, modification, or reversal of existing law;
(B) not interposed for any improper purpose such as to harass or to cause unnecessary delay or needless increase in the cost of litigation; and
(C) not unreasonable or unduly burdensome or expensive, given the needs of the case, the discovery already had in the case, and the importance of the issues at stake in the litigation.

If an attorney makes a certification of a discovery request in violation of Rule 26(g) "without substantial justification," the court "shall impose upon the person who made the certification, the party on whose behalf the ... request ... is made, or both, an appropriate sanction, which may include an order to pay the amount of the reasonable expenses incurred because of the violation, including a reasonable attorney's fee." FED. R. CIV. P. 26(g)(3). [FN16] Rule 26(g) was amended to add a potent instrument of deterrence to the judicial arsenal; the advisory committee found "a need for more aggressive judicial control and supervision." FED. R. CIV. P. 26 advisory committee's note (citation omitted). As the advisory committee further noted: "Rule 26(g) makes explicit the authority judges now have to impose appropriate sanctions and requires them to use it .... The new rule mandates that sanctions be imposed on attorneys who fail to meet the standards established in the first portion of Rule 26(g)." Id. (internal citations omitted) (emphasis added).

FN16. Pursuant to Rule 37(a)(4), a litigant who successfully moves for a protective order will be awarded attorneys' fees if the opposition to the motion was not substantially justified. At the chambers conference in November 1996, the Court indicated it would grant the University's motion for a protective order if one were brought. D.I. 25 at Exh. F-8.

While the Third Circuit Court of Appeals has not addressed the legal standard applicable to Rule 26(g) motions for sanctions, other courts have evaluated the attorney's conduct under the objective standard of reasonableness used in Rule 11 jurisprudence. See In re Byrd, Inc., 927 F.2d 1135, 1137 (10th Cir.1991) ("When considering sanctions under Rule 11, and therefore Rule 26(g), the court must judge the attorney's conduct under an objective standard of reasonableness."); Insurance Benefit Adm'rs, Inc. v. Martin, 871 F.2d 1354, 1360 (7th Cir.1989); Chapman & Cole and CCP. Ltd. v. Itel Container Int'l B.V., 865 F.2d 676, 685-86 (5th Cir.1989); Apex Oil Co. v. Belcher Co. of New York. Inc., 855 F.2d 1009, 1015 (2d Cir.1988); TRW Fin. Sys., Inc. v. Unisys Corp., No. 90-CV-71252-DT, 1995 WL 545023, at ---- 8-9 (E.D.Mich. Feb.6, 1995); In re Weinberg, 163 B.R. 681, 686 (E.D.N.Y.1994). Under the objective standard of reasonableness, inquiry into the subjective intent of a litigant or his counsel is unnecessary; sanctions can be imposed if the person who signed the pleading failed to

conduct "a reasonable inquiry into the facts and law supporting the pleading." United Mo. Bank of Kansas City. N.A. v. Bank of N.Y., 723 F.Supp. 408, 415 (W.D.Mo.1989) (interpreting FED. R. CIV. P. 26(g) under Rule 11 standards). This comports with the intention of the advisory committee, which wrote: "The duty to make a 'reasonable inquiry' [under Rule 26(g)(2)] is satisfied if the investigation undertaken by the attorney and the conclusions drawn therefrom are reasonable under the circumstances. It is an objective standard similar to the one imposed by Rule 11." FED. R. CIV. P. 26(g) advisory committee's note. Given the motivation behind the revisions of Rule 26(g), as evidenced in the advisory committee notes, the Court joins the growing swell of jurists adopting an objective standard, and applies it to the University's motion for attorneys' fees.

*7 After reviewing the over-800 requests to admission, the Court concludes they fall well short of this objective reasonableness standard. Counsel for Leonard emphasizes he viewed the 800-some requests as a good-faith effort to narrow issues for trial. He avows he was able to "document the record from the various grievance hearing transcripts to show the basis for each of the initial Requests for Admissions." D.I. 31 at 3. [FN17] He also notes, correctly, that in 1992 the Local Rules for the District of Delaware eliminated a ceiling for the number of requests a litigant could propound. Finally, he alleges the University defendants are also at fault for stonewalling discovery and engaging in various other abusive discovery tactics. [FN18]

FN17. Counsel for Leonard did not submit this documentation to the Court.

FN18. At oral argument, counsel for Leonard argued that imposing an award of attorneys' fees against either his client or him might result in the abandonment of Leonard's claim due to their respective financial constraints. While the Court sympathizes with such a plight if it exists, the Court was not provided any documentation upon which it could make a balanced assessment of the potential pecuniary limitations of either Leonard or his attorney. Because of this lack of supporting documentation and because lawyers or litigants are not conferred a right to flout the Federal Rules of Civil Procedure by virtue of their "financially challenged" status, Leonard's eleventh hour argument will not stay the chimes of midnight.

Without delving into the myriad other minor discovery skirmishes in this case, the Court finds the above arguments unavailing. Given the oppressive number of requests, and their often confusing and sometimes incoherent nature, [FN19] an objective attorney would be hard-pressed to quibble with the conclusion that a reasonable inquiry would reveal the requests are "unreasonable or unduly burdensome." Fed. R. Civ. P. 26(g)(2)(C). Further, the Court recognizes the requests, drafted by Leonard, were likely designed "to harass or to cause unnecessary delay or needless increase in the cost of litigation" in violation of Rule 26(g)(2)(B); counsel for Leonard, had he undertaken a reasonable inquiry, should have realized the requests would at least have that inevitable effect.

FN19. See supra note 15. Other courts have held requests for admission that run into the hundreds and even thousands are abusive, which, when considering the compound nature of the requests, is the case here. See Misco, Inc. v. United States Steel Corp., 784 F.2d 198, 206 (6th Cir.1986); Phillips Petroleum Co. v. Northern Petrochemical Co., No. 84 C2028, 1986 WL 9186 (N.D.Ill. Aug.19, 1996); Wigler v. Electronic Data Sys. Corp., 108 F.R.D. 204 (D.Md.1985); Krantz v. United States, 56 F.R.D. 555 (W.D.Va.1972).

A court is empowered to sanction appropriately either client, counsel, or both, for discovery propounded in violation of Rule 26. See Fed. R. Civ. P. 26(g)(3). Both client and counsel are at fault here. The client, Leonard, drafted the requests, which would explain the incomprehensibility and crudity of many of the requests. D.I. 25 at Exh. F-II. Counsel reviewed the requests and signed them. Id. This signature was a certification the requests were reasonable. Fed R. Civ. P. 26(g)(2). As the Court has held, they were not. Accordingly, the Court will grant the University defendants' motion for attorneys' fees in the amount of $ 3,777.25. [FN20] Both

Leonard and his counsel will be held jointly and severally liable for the amount ordered.

FN20. In his brief, Leonard writes: "the time submitted by [counsel for the University defendants] is completely out of proportion with reality." D.I. 31 at 3. This is hyperbole, however; considering the number of requests and their complexity, the Court finds the time and fees spent by counsel for the University defendants reviewing the requests, see D.I. 25 at Exh. G, to be reasonable. The Court does not grant the University defendants' request for an additional $ 1,050.00 in fees incurred in the preparation and filing of their motion for attorneys' fees because those expenses were not adequately documented or itemized.

END OF DOCUMENT

Ex-5

William C. PYNE, IV
v.
PROCACCI BROTHERS SALES CORP. and Garden States Farms, Inc.

No. Civ.A. 96-7314.

United States District Court, E.D. Pennsylvania.

Oct. 8, 1997.

Ernest Sasso, Law Offices of Ernest Sasso, Blue Bell, PA, for William C. Pyne, IV, plaintiff.

Laurance E. Baccini, Rachel S. Lieberman, Wolf, Block, Schorr and Solis-Cohen, Phila, PA, for Procacci Brothers Sales Corporation, defendant.

Laurance E. Baccini, Rachel S. Lieberman, (See above), for Garden State Farms, Inc., defendant.

MEMORANDUM ORDER

WALDMAN, J.

*1 Presently before the court is plaintiff's Motion to Disqualify Defendants' Attorney. Plaintiff seeks to have the law firm of Wolf, Block, Schorr and Solis-Cohen ("Wolf, Block") and all its partners and associates disqualified from further representing defendants in this action. Rachel Lieberman of Wolf, Block has represented defendants for the last five years. Lawrence Baccini of Wolf, Block has represented defendants for the past twenty-five years. Ms. Lieberman and Mr. Baccini are counsel of record and have participated in the initial phases of this litigation.

Plaintiff has alleged that Ms. Lieberman presented herself as an impartial mediator at a meeting with plaintiff at the offices of defendant Procacci on April 28, 1994, at a time when she was in fact representing defendants. Plaintiff asserts that "[g]iven the importance of the April 28th meeting, it is highly probable that Ms. Lieberman, and perhaps other members of the firm of Wolf, Block, Schorr and Solis-Cohen, will be the subject of appropriate discovery due to their being fact witnesses." Plaintiff asserts that "[i]n light of the involvement of Wolf, Block, Schorr and Solis-Cohen as a witness in this matter, representation by Wolf, Block, Schorr and Solis-Cohen would not be appropriate and would violate Rule 3.7--Lawyer as Witness--of the Pennsylvania Rules of Professional Conduct."

In a subsequent filing just prior to the hearing scheduled by the court to address the allegation regarding Ms. Lieberman, plaintiff suggested that Mr. Baccini too may be a fact witness as to advice he gave Joseph Procacci "in a capacity other than a lawyer." Plaintiff has asserted that Mr. Baccini provided business advice to Mr. Procacci about, inter alia, personnel matters including plaintiff's complaints of sexual harassment while employed at Procacci Brothers.

"The party seeking to disqualify opposing counsel bears the burden of clearly showing that continued representation would be impermissible." Cohen v. Oasin, 844 F.Supp. 1065, 1067 (E.D.Pa.1994) (citing Commercial Credit Business Loans, Inc. v. Martin, 590 F.Supp. 328, 335-36 (E.D.Pa.1984)). In this district, the professional conduct of attorneys is governed by the Rules of Professional Conduct as adopted by the Supreme Court of Pennsylvania. See Local. R.Civ.P. 83.6, sub-Rule IV(B); United States v. Moscony, 927 F.2d 742, 748 n. 7 (3d Cir.), cert. denied, 501 U.S. 1211, 111 S.Ct. 2812, 115 L.Ed.2d 984 (1991).

Rule 3.7 of the Rules of Professional Conduct provides in pertinent part that "[a] lawyer shall not act as an advocate at a trial in which the lawyer is likely to be a necessary witness." This Rule does not preclude an attorney from representing a client when the attorney will likely be a necessary witness, but only prevents an attorney from acting as an "advocate at trial" in such a case. Caplan v. Braverman, 876 F.Supp. 710, 711 (E.D.Pa.1995). Nothing in Rule 3.7 prevents Ms. Lieberman, Mr. Baccini or other attorneys at Wolf, Block from representing defendants

in all pretrial matters, including discovery. See Rounick v. Fireman's Fund Ins. Co., 1996 WL 269495, *1 (E.D.Pa. May 20, 1996); Caplan, 876 F.Supp. at 711 (citing cases). Indeed, even if Ms. Lieberman or Mr. Baccini were to be disqualified, Wolf, Block would not also be disqualified in the absence of any showing or even suggestion that Rule 1.7 [FN1] or Rule 1.9 [FN2] was violated. See Caplan, 876 F.Supp. at 712.

FN1. Rule 1.7 prevents a lawyer from representing a client if that representation will be adverse to the interests of another client, limited by the lawyer's responsibilities to another client or third person, or the lawyer's own interests.

FN2. Rule 1.9 provides generally that a lawyer who has formerly represented a client may not represent another person in the same or a related matter whose interests are adverse to those of the former client absent consent of the former client after full disclosure, nor may a lawyer use information relating to the representation to disadvantage the former client.

*2 That an attorney may be the subject of discovery as a fact witness or may be called as a witness at trial does not preclude his or her representation of a party in all pretrial matters. The Federal Rules of Civil Procedure do not specifically prohibit taking opposing counsel's deposition. See Fed.R.Civ.P. 30(a) (a party may take the deposition of "any person"). A deposition of opposing counsel is not encouraged and is typically permitted only where a clear need is shown. See Shelton v. American Motors Corp., 805 F.2d 1323, 1327 (8th Cir.1986); Caruso v. Coleman Co., 1994 WL 613668, *1 (E.D.Pa. Nov.1, 1994). Such depositions are permitted, however, where an attorney takes part in "significant relevant pre-litigation events and the attorney-client privilege does not apply to the testimony." Id. (citing Bogan v. Northeastern Mut. Life Ins. Co., 152 F.R.D. 9, 14 (S.D.N.Y.1993). [FN3] There is simply no reason to delay discovery or to preclude current counsel from continuing to represent defendants in pretrial matters.

FN3. To the extent that the attorney-client privilege might preclude an attorney at Wolf, Block from providing deposition testimony, this would be so whether or not he or she is representing defendants at the time of that deposition.

Plaintiff also points to Rule 1.12 of the Rules of Professional Conduct to support his position that Ms. Lieberman should be disqualified. Rule 1.12 in pertinent part provides that "a lawyer shall not represent anyone in connection with a matter in which the lawyer participated personally and substantially as a judge or other adjudicative officer, arbitrator or law clerk to such person." Plaintiff reasonably contends that this rule applies to attorneys acting as mediators, citing Poly Software International, Inc. v. Su, 880 F.Supp. 1487 (D.Utah 1995) (defining mediator as "neutral individual" who assists in settlement of legal dispute). The essence of plaintiff's claim, however, is that Ms. Lieberman falsely presented herself as a neutral mediator when she in fact was acting as an attorney representing defendants' interests. Thus, Rule 1.12 is not applicable.

If Ms. Lieberman misrepresented herself as an impartial mediator, the Rules of Professional Conduct which would actually be implicated are Rules 4.1 and 4.3. Rule 4.1 in pertinent part provides that "[i]n the course of representing a client a lawyer shall not knowingly make a false statement of material fact or law to a third person." Rule 4.3 in pertinent part provides that "in dealing on behalf of a client with a person who is not represented by counsel, a lawyer shall not state or imply that the lawyer is disinterested" and "[w]hen the lawyer knows or reasonably should know that the unrepresented person misunderstands the lawyer's role in the matter, the lawyer should make reasonable efforts to correct the misunderstanding." [FN4]

FN4. While a violation of these rules may warrant disciplinary or remedial action, it would not per se require disqualification of the offending attorney. See W.T. Grant Co. v. Haines, 531 F.2d 671, 677 (2d Cir.1976). In determining the appropriate sanction or remedy, a court must consider the client's right to be represented by counsel of his choice as well as the opposing party's right to

prepare and present its case without prejudice. See University Patents, Inc. v. Kligman, 737 F.Supp. 325, 329 (E.D.Pa.1990); Papanicolaou v. Chase Manhattan Bank, 720 F.Supp. 1080, 1083 (S.D.N.Y.1989).

Plaintiff alleged that at his meeting with Ms. Lieberman in April 1994 she "received confidential information going to the merits of the case." Plaintiff, however, has specifically identified no information he revealed to Ms. Lieberman that would prejudice his ability prosecute this action if she remains an attorney for defendants.

*3 From the testimony at the hearing on this matter, the court found the following pertinent facts. Plaintiff met with Ms. Lieberman at the behest of defendant Procacci Brothers' personnel director. Ms. Lieberman identified herself as an attorney at Wolf, Block who had been engaged by "the company" to investigate plaintiff's recent allegations to the personnel director of sexual harassment by a supervisor. Neither this nor any other civil action had been filed at that time. Plaintiff had not yet engaged counsel. Perhaps Ms. Lieberman could have been more precise about her allegiance and ultimate obligations to defendants, but plaintiff's impression that she was acting on his behalf as well as defendants' as a "mediator" in a "PHRC kind of thing" is difficult to justify. The PHRC is a quasi-judicial government agency. Plaintiff could not reasonably believe that an attorney engaged by his employer to examine workplace complaints would be acting for the benefit of anyone other than the employer. Of course, the removal of someone determined to be responsible for a hostile work environment could be mutually beneficial to the parties and there is no indication that this course was foreclosed in April 1994. Nevertheless, it should have been clear that Ms. Lieberman was proceeding in the interest of defendants.

Further, plaintiff revealed nothing strategic or protectible to Ms. Lieberman. He merely related his version of various acts of sexual harassment directed at him by a supervisor. He told her essentially nothing he had not related earlier to his personnel director and subsequently to a Philadelphia police officer. He told her nothing he does not propose to testify to at trial and which would not inevitably be disclosed during discovery.

As to Mr. Baccini, he has long advised defendants on labor law and employee relations matters. There is no basis of record to show that Mr. Baccini ever did so in a capacity other than as a lawyer providing legal advice and services to a client. Mr. Baccini's advice to defendants regarding personnel matters has been limited to the potential legal ramifications of various courses of action.

If defendant relies on the fact or nature of an investigation by Ms. Lieberman in its defense, it is conceivable that she could become a necessary trial witness. See Brooms v. Regal Tube Co., 881 F.2d 412, 421-22 (7th Cir.1989); Harding v. Dana Transport, Inc., 914 F.Supp. 1084, 1093, 1099 (D.N.J.1996). This is something, however, which the court cannot determine at this stage.

ACCORDINGLY, this 7th day of October, 1997, upon consideration of plaintiff's Motion to Disqualify Defendants' Attorney and defendants' response thereto, and following an opportunity for a hearing, IT IS HEREBY ORDERED that said Motion is DENIED without prejudice as to Ms. Lieberman should it later appear that she proposes to act as an advocate at a trial at which she truly is a necessary witness.

END OF DOCUMENT

EX-T

Not Reported in F.Supp.
Fed. Sec. L. Rep. P 95,750
(Cite as: 1990 WL 267365 (C.D.Cal.))

SECURITIES AND EXCHANGE COMMISSION
v.
RANA RESEARCH, INC., et al.

Civ. No. 89-1865 AAH(TX).

United States District Court, C.D. California.

Oct. 2, 1990.

Opinion

HAUCK, District Judge.

*1 This lawsuit was brought by the United States Securities and Exchange Commission ("Commission") against Vipin Sahgal and a corporation of which Sahgal is sole owner, Rana Research, Inc. (d/b/a Vista Group, Ltd.) (hereinafter "Vista"). The action was brought by the Commission pursuant to Sections 21 and 27 of the Securities Exchange Act of 1934, 15 U.S.C. §§ 78u and 78aa.

The Commission alleged that on February 8-9, 1988, the defendants issued a series of false and misleading statements about a purported "firm offer" to acquire all the outstanding common stock of Superior Industries International Inc. The Commission further alleged that by issuing such false and misleading announcements, the defendants violated Section 10(b) of the Securities Exchange Act of 1934 (15 U.S.C. § 78j(b)) and Rule 10b-5 thereunder (17 C.F.R. § 240.10b-5). As a remedy, the Commission sought a permanent injunction against the defendants, forbidding them from violating Section 10(b) and Rule 10b-5 in the future.

Both defendants were previously represented by Robert H. Bretz, Esq. Mr. Bretz was a necessary witness in this case, because he was an active participant in the events which gave rise to this lawsuit. When the plaintiff initially moved to disqualify Bretz, the Court disqualified Bretz from acting as trial counsel only if he was going to be called as a witness. However, the Court extended that ruling and disqualified Bretz because Bretz had confused his role as an attorney for the defendants and his role as witness in this case. (See Pre-Trial Conference Order, dated June 25, 1990. See also Order Imposing Sanctions For the Defendants' Failure To Comply With The Court's Order To Produce Documents, dated August 1, 1990, ¶ 5.)

After this Court disqualified Mr. Bretz, substitute counsel never appeared for Vista, the corporate defendant. Under Rule 2.9.1 of the Local Rules of this Court, a corporation can not appear pro se. The Court entered a default judgment against Vista because the defendants failed, despite the request of the Court, to obtain counsel to represent the corporation. Defendant Sahgal also failed to obtain substitute counsel, despite the request of the Court, and represented himself at trial. [FN1]

This lawsuit was filed after a thorough investigation by the Commission in which the Commission took investigative testimony on the record from Vipin Sahgal and two of his employees, Barbara Blackmore and Lyman Parrigin. In the course of its investigation, the Commission also took investigative testimony from Lawrence Nathanson, who, at the time of the events at issue in this case, was an employee of Prudential-Bachè Securities, Inc.

At the conclusion of its investigation, the Commission offered the defendants the opportunity to settle the case by consenting, without admitting or denying liability, to the entry of a permanent injunction which would prevent them from future violations of Section 10(b) of the Securities Exchange Act of 1934, and Rule 10b-5 thereunder. The defendants refused the Commission's offer of settlement, and the Complaint was filed on March 30, 1989.

*2 The trial in this matter was called and proceeded on August 13, 1990, and concluded on August 17, 1990. The Commission called the following witnesses: Marco Weiss, Louis Borick, Vipin Sahgal, Robert H. Bretz, Barbara Blackmore, Christine Hense, Sanjay

Sachdeva, Lyman Parrigin, and an expert witness, Dr. Michael Koehn. The deposition testimony of Lawrence Nathanson (including a videotape of his deposition), Loren Schechter, and Richard Groberg, all of whom are outside the trial subpoena power of this Court, was received into evidence by the Court as trial testimony. Defendant Sahgal called the following witnesses: Barbara Blackmore, Christine Hense, Lyman Parrigin, Vigin Sahgal, Ronald Givner, and a custodian of records from Superior Industries International, Inc. The Court heard oral testimony from all witnesses called by plaintiff and all witnesses called by defendant Sahgal and considered the numerous exhibits.

There were six issues presented by this case: (1) whether the statements made by defendants were false and misleading; (2) whether the statements made by defendants were materially misleading; (3) whether the defendants made false and misleading statements with scienter, that is, knowingly or with a reckless disregard for their truth or falsity; (4) whether the defendants made the statements at issue in connection with the purchase or sale of securities; (5) whether the defendants in good faith relied on the advice of counsel; (6) whether injunctive relief is appropriate.

The Court, having considered the testimonial and documentary evidence and having heard arguments from both sides, now enters the following Findings of Fact, Conclusions of Law, and Order.

FINDINGS OF FACT

BACKGROUND

1. At all relevant times, Rana Research, Inc. (hereinafter "Vista") was a small private company organized as a corporation under the laws of the state of California and doing business as the Vista Group, ltd. At all relevant times, Vista has been in the mergers and acquisition business. (Pre-Trial Conference Order at 3, Admitted Fact A.)

2. Vipin Sahgal is the president and sole shareholder of Rana Research, Inc. (Pre-Trial Conference Order at 3, Admitted Fact B.) Sahgal is a resident of California and has been a self-employed analyst specializing in the financial area for about nineteen years. Sahgal currently works in the mergers and acquisitions business, and intends to remain in that business. (Tr. 136, 138.)

3. At all relevant times the defendants:

(A) failed to compensate their employees in timely fashion and repeatedly had payroll and other checks returned for insufficient funds;

(B) were repeatedly delinquent in the payment of federal payroll taxes;

(C) owed creditors in excess of $100,000 from prior transactions, which debts were not reflected in the defendants' financial records;

(D) failed to maintain books and records that accurately reflected their true financial condition;

*3 (E) were in precarious financial condition and on the verge of financial failure.

(June 25, 1990 Order.)

4. At all relevant times, neither Vista nor Sahgal, either individually or collectively, possessed the financial capability or resources to acquire or to make any significant or meaningful contribution to the financing of an acquisition, tender offer or leveraged buyout of Superior Industries International, Inc. (Pre-Trial Conference Order at 4, Admitted Fact G; Tr. 255.)

5. Superior Industries International, Inc. ("Superior") is incorporated under the laws of Delaware and has its principal place of business in Van Nuys, California. The company manufactures and markets custom automobile wheels and a variety of other automotive products and accessories. Superior is the country's largest manufacturer of wheel rims and in 1987 had net sales in excess of $150 million. (Pre-Trial Conference Order at 3, Admitted Facts, C, D; Ex. 179, ¶ 1.)

6. At all relevant times, the common stock of Superior was registered with the Securities and Exchange Commission pursuant to Section 12(b) of the Securities Exchange Act, 15 U.S.C. § 78(1)(b), and Superior's common stock was registered with and listed for trading, and was traded on, the American Stock Exchange. (Pre-Trial Conference Order at 4, Admitted Fact E.)

7. Louis Borick is President, Chairman of the Board of Directors, and Chief Executive Officer of Superior. Borick founded the predecessor to Superior over forty years ago with an investment of $3,000. (Ex. 179, ¶ 1.)

8. During the period October, 1987, through February, 1988, Borick was the beneficial owner of approximately 23% of Superior's outstanding common stock. At that time, Superior's directors and officers as a group owned approximately 28% of Superior's outstanding common stock. (Ex. 179, ¶ 2.) At the time of the facts at issue in this case, Sahgal believed that Borick owned approximately 30% of the stock of Superior. (Ex. 188; Tr. 435-36.)

9. Marco Weiss is the sole shareholder of Marco F. Weiss, a professional corporation, which is a partner of the law firm of Hill & Weiss in Los Angeles, California. Weiss is an experienced securities lawyer. (Ex. 178, ¶ 1.)

10. Hill & Weiss has provided legal representation to Superior concerning securities-related and other financial matters. Weiss began representing Superior in approximately 1969. Weiss has been a member of the Board of Directors of Superior since 1969. (Exhibit 178, ¶ 2.)

11. At the time of the events which gave rise to this action, Lawrence Nathanson was a director of Prudential-Bache's Leveraged Buyout and High Yield Group, of the Mergers and Acquisitions Department. Before joining Prudential- Bache in 1987, Nathanson was employed for eight years at Salomon Brothers, over four of which he spent in the mergers and acquisitions department specializing in and consummating leveraged buyouts. (Ex. 182y at 8-13.)

12. Robert Bretz is an attorney in Los Angeles who participated with Sahgal and Vista in issuing one of the press releases at issue.

SAHGAL'S INITIAL EFFORTS TO ACQUIRE SUPERIOR

*4 13. Sahgal became interested in Superior in the fall of 1987 and shortly thereafter contacted Ronald Givner, an attorney at the law firm of Hill & Weiss, who had occasionally done legal work for Sahgal and his businesses. Sahgal asked Givner if he would speak with Marco Weiss about introducing Sahgal to Louis Borick. Givner did as Sahgal asked. (Tr. 667-72; Ex. 178, ¶ 4.)

14. Weiss agreed to speak with Sahgal, and, in the course of a brief informal conversation, Sahgal told Weiss he was interested in arranging an acquisition or leveraged buyout of Superior, and inquired whether Weiss would contact Louis Borick to determine whether Borick would speak with Sahgal about Sahgal's interest in acquiring Superior. (Ex. 178 ¶ 5.; Tr. 22-23, 168.)

15. Given his past experience with Borick, Weiss believed that Borick would not be interested in any acquisition proposal, and Weiss advised Sahgal of that. (Ex. 178, ¶ 6.)

16. From the outset, Weiss advised Sahgal that he would act as an introducer only if Borick was willing to talk to Sahgal. (Tr. 62-63.)

17. As a courtesy to Sahgal, Weiss contacted Borick, and asked him if he would be interested in speaking with Sahgal regarding Sahgal's interest in arranging an acquisition of Superior. (Ex. 178, ¶ 7; Tr. 24.)

18. Borick informed Weiss categorically that he was neither interested in speaking with Sahgal, nor was he interested in selling the company. Weiss told Borick that he would inform Sahgal of Borick's position. (Ex. 178, ¶ 7; Tr. 24; Ex. 179, ¶ 3; Ex. 142, ¶ 2.)

19. Weiss thereupon communicated to Sahgal that Borick had no interest in meeting with Sahgal or discussing any proposed acquisition with Sahgal. (Ex. 178, ¶ 8; Tr. 24, 168.) Sahgal fully understood that Borick had rejected him. (Tr. 166, 168-69, 173.)

20. Sahgal again approached Weiss in mid-November, 1987, and told him that he had secured the financial backing and participation of Trafalgar Holdings, Ltd. for an acquisition of Superior. (Ex. 178, ¶ 9; Tr. 24-25, 169.)

21. Once again, at the request of and as a courtesy to Sahgal, Weiss contacted Borick, and inquired whether Borick would be interested in discussing an acquisition involving Sahgal, with the financial backing and participation of Trafalgar. In response to Weiss' inquiry, Borick again responded that he had no interest in discussing any acquisition of Superior with Sahgal. (Ex. 178, ¶ 10; Ex. 142, ¶ 3.)

22. Weiss once again informed Sahgal that Borick had rejected him. (Tr. 34- 35.) Sahgal once again fully understood that Borick had rejected him. (Tr. 166, 169, 173.)

23. Neither Borick nor Weiss ever encouraged Sahgal to pursue any deal or to attempt to arrange any acquisition involving Superior. To the contrary, each time Sahgal approached Borick through Weiss, Borick starkly rebuffed Sahgal, and Weiss candidly and pointedly informed Sahgal that Borick had no interest in dealing with him. (Ex. 178, ¶ 16-17; Ex. 179, ¶ 8.)

SAHGAL FRAUDULENTLY INDUCED PRUDENTIAL-BACHE'S UNWITTING PARTICIPATION IN HIS SCHEME

*5 24. At all time relevant to this lawsuit, Prudential-Bache had a widely known and strictly adhered to policy against participating in hostile transactions. (Ex. 182y at 32-36, 57, 71; Ex. 183 at 11-13; Ex. 187a at 35, 181-82; 192; Ex. 31 at 79.)

25. Fully aware that the Chairman of Superior had no interest in any transaction involving him or Vista, Sahgal contacted Gene Wong, a managing director of Prudential-Bache Securities, and told Wong he wished to arrange an acquisition of Superior. (Ex. 47 at 166-68; Ex. 182y at 17-18.)

26. Wong referred Sahgal to Richard Groberg, a Prudential-Bache employee who acted as a liaison between the High Yield Sales and Trading Group and the Corporate Finance Department. (Ex. 183 at 506; Ex. 182y at 17-24; Ex. 32.)

27. Groberg, an associate vice president in the High Yield Sales and Trading Group, first spoke with Sahgal during early December, 1987. (Ex. 183 at 5-7.) In that conversation, Sahgal lied to Groberg, telling him that he knew and had a relationship with Superior's Chairman, and that he could deliver him in a "friendly" transaction. (Ex. 183 at 7-8.) Groberg, for his part, explained clearly to Sahgal that Prudential-Bache would under no circumstances participate in any hostile transaction (i.e., one in which management was not supportive of the transaction), and that Prudential-Bache would not participate in any transaction for which it was not able to gain access to more detailed corporate records than are publicly available. Groberg further explained to Sahgal that Prudential-Bache would not involve itself in a transaction unless its employees had first conducted in-person meetings with the target company's management, and that, before Prudential-Bache could make any serious buyout proposal, numerous Prudential-Bache committees would have to approve the transaction. (Ex. 183 at 8-14, 24-26.) Sahgal deliberately concealed from Groberg that Superior's Chairman had rejected him.

28. After Prudential-Bache's internal procedures had been explained to Sahgal by Groberg, on January 14, 1988, Sahgal was introduced by telephone to Lawrence Nathanson, a director in the Mergers and Acquisitions Department of Prudential-Bache. During that initial conversation, Sahgal lied to Nathanson by telling him that he was engaged in friendly acquisition

discussions with Louis Borick, the Chairman and controlling shareholder of Superior. Sahgal further lied to Nathanson by telling him that Borick had told Sahgal that he was interested in arranging a friendly leveraged buyout of Superior, and that he was willing to work with Sahgal and Vista on an exclusive basis to explore an acquisition if Sahgal and Vista could demonstrate on some reasonable basis that they had the financial capacity to consummate a leveraged buyout. Sahgal then told Nathanson that Borick had agreed to meet with him once Sahgal was able to demonstrate that they had potential financing for an acquisition. (Ex. 182y at 12-13, 16-36; Ex. 31 at 31-35; Ex. 32.) Sahgal deliberately concealed from Nathanson that Borick had rejected him.

*6 29. In one of their early conversations, Nathanson reiterated to Sahgal that Prudential-Bache had a strict policy against participating in any unfriendly transaction. (Ex. 182y at 34.)

30. Based on Sahgal's false representations, Nathanson agreed to prepare a tentative and preliminary buyout analysis of Superior, based solely upon public information. During the next several days, Nathanson prepared such an analysis, and during that period Nathanson and Groberg spoke several times with Sahgal. (Ex. 182y at 36-38; Ex. 183 at 18; Ex. 31 at 36, 42-43, 49-51; Ex. 32.) They explained to Sahgal that, based on publicly available information, it appeared that the transaction would be difficult to accomplish. (Ex. 182y at 39-42; Ex. 183 at 18-19; Ex. 31 at 62-63, 66; Ex. 32.)

31. Accordingly, both Nathanson and Groberg explained to Sahgal that, in order to proceed further, it would be necessary to "get inside" Superior, with the cooperation and support of Superior's management. That process would include engaging in face to face discussions with Superior's management, reviewing Superior's nonpublic business projections, entering a confidentiality agreement with Superior, and performing other extensive due diligence. (Ex. 183 at 11- 12; Ex. 182y at 30, 42-51; Ex. 31 at 59-60, 72-73; Ex. 32.)

32. During that period, Nathanson and Groberg again emphasized to Sahgal that Prudential-Bache would, under no circumstances, participate in any hostile transaction. (Ex. 182y at 39; Ex. 183 at 20-21; Ex. 32.)

33. After completing his analysis, Nathanson discussed it with Sahgal on January 20 and, after revising it, spoke with Sahgal again on or about January 22. (Ex. 182y at 39-42, 45; Ex. 32.) Sahgal suggested that Nathanson draft a letter to Borick expressing Vista's and Prudential-Bache's interest in Superior. (Ex. 182y at 45, 51-52; Ex. 31 at 73; Ex. 184d at 689-90.) Nathanson agreed to do so, but advised Sahgal that the wording of the letter would have to be tentative owing to the tentative and preliminary nature of the analysis. (Ex. 182y at 53; Ex. 183 at 20-21; Ex. 31 at 73.) Nathanson also confirmed with Sahgal that the overarching purpose of this exercise was to establish a face to face dialogue with Superior's management. (Ex. 182y at 51- 55; Ex. 32.)

THE FIRST FAILED DOOR OPENER

34. In accordance with Sahgal's suggestion, Nathanson proceeded to draft a letter which he then sent to Sahgal for in-person transmittal to Borick. The letter, dated January 22, 1988, stated a generalized interest on behalf of Vista and Prudential-Bache in working with Superior's management to explore a leveraged buyout transaction. (Ex. 28; Ex. 182y at 55-56.)

35. Having received a copy of the draft letter from Nathanson, Sahgal requested that Nathanson send it directly to Borick. (Ex. 182y at 57; Ex. 31 at 86; Ex. 32.) Nathanson refused, explaining that, since he did not know Borick, a letter from him might be misconstrued as an unfriendly advance or as less conditional than intended. Indeed, Nathanson told Sahgal in no uncertain terms that he would not be comfortable with any means other than hand delivery of the letter to Borick by Sahgal. (Ex. 182y at 57-58; Ex. 183 at 22-23; Ex. 31 at 86-87; Ex. 32.)

*7 36. Consequently, the two agreed that Sahgal would utilize the letter in the meeting with Borick that Sahgal falsely claimed he was having the following week. (Ex. 182y at 57-61; Ex. 31 at 90-91; Ex. 32.) Indeed, throughout the course of these preliminary discussions, Sahgal referred to the meeting which he claimed that he and Borick were going to have. (Ex. 183 at 13-14; Ex. 182y at 27-28, 58-60.)

37. Nathanson told Sahgal that if his meeting with Borick went well, the next required step would include Prudential-Bache's putting together a team of its employees to meet with Borick and other members of Superior's senior management to begin exploratory discussions and detailed due diligence to ascertain the feasibility of a proposed transaction. (Ex. 182y at 54-56; Ex. 32.) Nathanson and Sahgal agreed to speak after Sahgal had met with Borick. (Ex. 182y at 57-60; Ex. 31 at 90-92; Ex. 32.)

38. Throughout the course of their discussions, Nathanson repeatedly told Sahgal that it would be necessary for representatives of Prudential-Bache to meet with the management of Superior before any proposed transaction could advance beyond a preliminary stage. (Ex. 182y at 31-33, 42-51; Ex. 31 at 59- 60, 72-73; Ex. 32.)

39. A few days later, armed with a letter from a major Wall Street firm which he had obtained under false pretenses, Sahgal once again contacted Weiss and requested that he present Nathanson's letter to Borick. (Ex. 178, ¶ 12; Tr. 40, 42, 679, 684-85.) Weiss refused to do so and informed Sahgal that he would not further communicate with Borick to facilitate an introduction to Sahgal, and that if Sahgal had anything further to discuss with Borick, he would have to do it himself. (Ex. 178, ¶ 12; Tr. 42, 679, 684-86.)

40. Having struck out with Weiss, and unable to establish any personal contact with Borick, Sahgal did not hand-deliver the letter to Borick at a meeting, as Nathanson had insisted, but instead had the letter, with a January 26, 1988, cover letter from Sahgal (Ex. 39), delivered by messinger to Borick.

SAHGAL'S CONVERSATION WITH BORICK

41. Borick received Nathanson's letter (Ex. 28), but did not consider the letter to be of any substance because he believed, given his past explicit rejections, that Sahgal was playing games. Although Borick had been explicitly clear that Superior would have no dealings with Sahgal, Sahgal nevertheless had solicited Prudential-Bache's participation. (Ex. 179, ¶ 5.)

42. In order to put an end to Sahgal's exercise, on January 28 Borick called Sahgal and, in a brief conversation, told him that Superior had no interest in Sahgal's proposed leveraged buyout or in an acquisition of the company, and that he would confirm that in a letter. Borick did not ask Sahgal to propose an offer price. Nor did Borick say anything to Sahgal to indicate that he wished for Sahgal to quote an offer price. The subject to price was in no way a topic of their brief conversation. (Ex. 179, ¶ 6; Ex. 142, ¶ 6; Tr. 71- 72.)

*8 43. Thereafter Borick reiterated his telephone rejection in a letter to Sahgal, in which he wrote, "In reply to your letter of January [2]6 and our telecon of today, this is to confirm to you that we do not have an interest in either being acquired or in LBO." (Ex. 179, ¶ 7; Ex. 29.) By his letter to Sahgal, Borick memorialized that which he had told Sahgal earlier on the telephone. Consistent with his customary practice, Borick had his secretary mail the letter to Sahgal that same day. (Ex. 179, ¶ 7, Tr. 109.) Sahgal received the cross-town letter shortly thereafter.

44. Borick informed Weiss that he had received Nathanson's letter, that he had called Sahgal on January 28, 1988, and had sent him a letter that same day, in both instances stating that he had no interest in an acquisition of Superior. (Ex. 178, ¶ 14; Tr. 109.)

45. On at least one occasion prior to February

9, 1988, Sahgal asked Weiss why Borick continued to reject his proposals and, in particular, mentioned the letter which he said that he had received from Borick which memorialized Borick's rejection of Sahgal's proposal concerning Superior. Weiss responded to Sahgal that it was Borick's prerogative to reject Sahgal's proposal and that Borick had obviously decided to do so. (Ex. 178, ¶ 15.)

46. The centerpiece of defendant's case is his claim that he never received Borick's rejection letter of January 28, 1988. The Court finds that defendant's claim is not believable. Borick followed his normal procedures in mailing the letter. In addition, Sahgal himself indicated to Weiss prior to February 9, 1988, that he had received the letter. Further, defendant's "proof" that he did not receive the letter centers around the strained effort of his loyal former secretary, Barbara Blackmore, who now claims that she would have opened any letter which was addressed to Sahgal and, accordingly, would have known whether a letter from Borick to Sahgal had come in. However, in more contemporaneous testimony in 1988 in the SEC's investigation of this matter, just three months after the events at issue in this case, Blackmore testified unequivocally under oath that she would not have opened such a letter addressed to Sahgal. (Tr. 485-86, 500-02.) At trial, Blackmore was unable to provide any plausible explanation for changing her testimony. (Tr. 502.)

47. At any rate, the Borick letter to Sahgal merely reaffirms that which Borick told Sahgal on the telephone on January 28, 1988 (and that which he had previously told Sahgal through Marco Weiss), i.e., that Superior had no interest in any leveraged buyout or acquisition involving Sahgal or Vista. Even assuming arguendo that Sahgal had not received the Borick letter, Sahgal fully knew that Borick had no interest in doing a deal with Sahgal. (Tr. 449.)

48. At no point in time did Borick ask Weiss to seek an offering price for Superior from Sahgal, and at no point in time did Weiss ask Sahgal to propose an offering price. Nor did Weiss ever say anything to Sahgal from which Sahgal could have reasonably inferred that he should propose an offering price to Borick. (Ex. 178, ¶¶ 16-17; Ex. 179, ¶ 8; Tr. 61.)

*9 49. At no time did Borick in any way encourage Sahgal to attempt to arrange an acquisition of Superior. Borick never told Weiss or anyone else to encourage Sahgal to arrange an acquisition of Superior, nor did he ask Weiss to seek an offer price from Sahgal. At no point in time did Borick ever ask Sahgal for a price or any indication of a level of interest. To the contrary, he flatly rejected Sahgal's overtures, and made it abundantly clear to Sahgal that he had no interest in meeting with him or discussing any acquisition of Superior with him or anyone associated with him. (Exhibit 179, ¶¶ 5-6; Tr. 71-72, 105, 107.)

THE SECOND FAILED DOOR OPENER

50. A few days after Borick had again spurned Sahgal, Nathanson called Sahgal to inquire whether his meeting with Borick had been a success. (Ex. 182y at 61-62; Ex. 31 at 92-94; Ex. 32.)

51. Rather than telling Nathanson the truth, which would have ended Prudential-Bache's unwitting participation in Sahgal's scheme, Sahgal reported that the meeting had been successful, but that Borick had informed him that other firms were similarly interested in acquiring Superior. (Ex. 182y at 62- 63; Ex. 31 at 92-94, 96-97; Ex. 32.)

52. Nathanson responded that the proposed transaction seemed less palatable because the existence of competitors would likely diminish Prudential-Bache's chances. (Ex. 182y at 63; Ex. 31 at 94; Ex. 32.)

53. In order to revive Nathanson's waning interest, Sahgal falsely added that Borick had requested that Prudential-Bache and Vista clarify their interest in Superior by suggesting a price which they would consider appropriate to offer Superior's shareholders in a hypothetical leveraged buyout. (Ex. 182y at 64- 67, 73; Ex. 31 at 94-96; Ex. 32.)

54. Based on Sahgal's prevarication, Nathanson agreed to comment on a letter which Sahgal said he would take personally to Borick in response to his purported request. (Ex. 182y at 64-66; Ex. 31 at 95.)

55. In the same conversation, Sahgal and Nathanson discussed at length the context in which the letter would be given to Borick. Nathanson cautioned Sahgal that a letter mentioning a price could be sent only on the same tentative basis as Nathanson's prior letter to Borick, and that it too would have to be hand-delivered by Sahgal to Borick. (Ex. 182y at 64-69, 73-79; Ex. 31 at 95; Ex. 32.)

56. Sahgal claimed that Borick would use the letter in a regularly scheduled board meeting to determine whether Superior's management wished to work with Prudential-Bache and Vista on any proposed transaction. (Ex. 182y at 66-67, 73-76; Ex. 31 at 97; Ex. 32.)

57. The two knew and agreed that the interest which the letter would express was conditioned on the performance of an array of due diligence procedures. (Ex. 182y at 64-69, 76.)

58. In selecting a price to include in the letter, Sahgal told Nathanson that since they were expressing only a preliminary interest, that they should be aggressive and suggest $16 per share. (Ex. 31 at 97-98.)

*10 59. Sahgal never told Nathanson that he had, in fact, never met Borick. Instead, Sahgal deliberately concealed from Nathanson the fact that Borick had flatly rejected Sahgal. (Ex. 182y at 69-71, 76-79.)

60. On or about February 5, Nathanson received a call from Lyman Parrigin, a representative of Vista who was calling in a clerical capacity. (Ex. 47 at 229; Ex. 31 at 103; Ex. 32.)

61. Nathanson reviewed the proposed letter and made editorial comments, reiterating the conditional nature of the letter. (Ex. 182y at 74-76; Ex. 32.)

62. At this preliminary juncture, Nathanson had not discussed with Sahgal what structure any proposed transaction would assume, nor had they ever discussed what Sahgal's or Vista's role in any proposed transaction would be. (Ex. 182y at 46-47; Ex. 184c at 486-90, 544-48.)

63. After receiving Nathanson's comments, Sahgal sent the letter to Borick. Once again Sahgal had not, as agreed, hand-delivered the letter to Borick. Nathanson never saw the final draft of the letter Sahgal sent to Borick. The February 5, 1988, letter from Sahgal to Borick, in response to Borick's purported request, stated that Vista and Prudential-Bache were "prepared to offer sixteen dollars per share" for Superior's stock, that Vista "would like to meet" with Superior, but that the offer to negotiate was "conditioned upon performance" of "the requisite financial and legal due diligence procedures." (Ex. 30.) The letter, an invitation to negotiate with Superior, was received by Superior on February 8.

64. At no point in time had Borick asked Sahgal for any such letter. In fact, the letter was contrary to Borick's unambiguous rejections and refusals even to meet with Saghal. (Ex. 179, ¶ 9.)

DEFENDANT'S FIRST FALSE AND MISLEADING ANNOUNCEMENT

65. On February 8, 1988, well aware of Borick's refusal to deal with him or Vista, and without seeking or having authorization from anyone at Prudential- Bache, Sahgal (aware of Vista's unhealthy financial condition) decided to shake-up Superior's management by issuing a false and misleading press release in an attempt, through the resulting market effect, to pressure Borick and ignite a transaction in which Sahgal and Vista could participate and profit.

66. Sahgal knew that, given Borick's rejections and Prudential-Bache's policy against hostile deals, unless he took dramatic action his scheme had come to an end and he would not be involved in any acquisition of

Superior.

67. In addition, Vista employees and their relatives had, just a few days prior to the fraudulent announcement, bought Superior stock and, therefore, would also benefit if Sahgal were able to successfully rattle Superior's stock price. (Tr. 530-38; Exs. 11-12; Tr. 555-62; Ex. 26; Tr. 610-11, 638-42; Tr. 255-58; Ex. 47 at 78-80.) Sahgal's claim that he did not know that his employees and their relatives were purchasing Superior stock less than one week before the fraudulent announcement is not credible, in light of the small number of individuals employed by Vista, all of whom knew of the proposed acquisition, and in light of Lyman Parrigin's testimony that he asked for and received approval from Sahgal to recommend to his sisters that they purchase Superior stock after Sahgal had identified Superior as a target. (Tr. 639-40.)

*11 68. Sahgal thus directed his secretary, Barbara Blackmore, to draft a press release regarding the proposed Superior transaction. (Ex. 181 at 10; Ex. 189 at 2-3.) Blackmore had never before drafted a press release, and had virtually no knowledge of Sahgal's proposed transaction aside from what she had learned by typing his two letters to Borick. (Tr. 503-06, 510.) Disregarding Blackmore's inexperience and ignorance, Sahgal did not describe to Blackmore what the press release was about. (Tr. 507-09.) Moreover, although Blackmore knew virtually nothing about the proposed transaction, Sahgal designated her to be Vista's spokesperson concerning the false and misleading release. (Ex. 4; Tr. 513-14.)

69. After Sahgal reviewed the press release which Barbara Blackmore had initially drafted, Sahgal authorized the issuance of the release, and instructed Blackmore to disseminate it to the financial press for publication. (Tr. 147-52; Ex. 184c at 447-48, 457-59, 473, 501.) He instructed Blackmore to send the release over the Business Wire Service. (Tr. 152.)

70. Sahgal did not inform Prudential-Bache that he was going to issue the release, because he knew that Prudential-Bache would never agree to the issuance of a press release at such a preliminary stage of a tentative transaction.

71. The press release, disseminated by Vista and Sahgal, crossed the broad- tape at 7:53 a.m. on February 9, and stated, inter alia, as follows:

New York based Prudential-Bache Securities, Inc. and Los Angeles based The Vista Group, Ltd. announced today that they had made a firm offer in a letter to Mr. Louis Borick, Chairman of the Board and President of Superior Industries International, Inc., to acquire all of the outstanding stock of Superior Industries International, Inc. at $16.00 per share in a leveraged buy-out transaction. "Such a transaction would deliver to the shareholders of Superior a significant premium over the current market value of their shares" said Vipin Sahgal of The Vista Group, Ltd. Prudential-Bache Securities, Inc. and The Vista Group, Ltd. stated they have ample resources available to effectuate the transaction quickly.

(Exs. 4, 46.)

72. The Vista press release was materially false and misleading, and Sahgal knew it. Sahgal neither sought nor had authorization to issue a press release on behalf of Prudential-Bache. Indeed, Sahgal never once, prior to issuing the release, raised the subject of a press release to Nathanson or anyone else at Prudential-Bache (Tr. 154-56, 159, 168; Ex. 184c at 450, 452, 478, 485; Ex. 47 at 268-70), yet the release falsely purported to be on behalf of Prudential- Bache.

73. The press release's opening phrase, "New York based Prudential-Bache Securities, Inc. and Los Angeles based The Vista Group, Ltd. announced today," falsely announced to the financial press and, thereby, to the investing public that Prudential-Bache had issued or had authorized the issuance of the release.

*12 74. Moreover, neither Prudential-Bache nor Vista had made a "firm offer" to acquire Superior. As Sahgal well knew, Prudential-

Bache's expressions of interest were of the most preliminary kind and neither Vista nor Sahgal had financial resources to make any firm offer.

75. The press release's statement that "Prudential-Bache Securities, Inc. and The Vista Group, Ltd. stated they have ample resources available to effectuate the transaction quickly" was likewise false and misleading. Prudential-Bache, of course, had announced nothing. Furthermore, Vista's statement that it too had ample resources to effectuate a buyout was, again, false. In sum, Vista's February 8 release, issued at the direction of Sahgal, was fundamentally false.

76. As a result of Vista's release, American Stock Exchange trading of Superior was halted throughout the day on February 9.

PRUDENTIAL-BACHE'S DENIALS

77. Loren Schechter, who was General Counsel, Senior Vice President, and a member of the Board of Directors of Prudential-Bache, was startled by Vista's release, because in the normal course of his duties he would know whether Prudential-Bache had made a firm offer. Schechter knew that Prudential-Bache had not made a firm offer to acquire Superior. (Ex. 187a at 10-11.)

78. By contacting others at Prudential-Bache, Schechter confirmed that Prudential-Bache had authorized neither a firm offer nor the issuance of a press release. (Ex. 187a at 10-12, 142.) Having thus assured himself that the content of Vista's release was false, and in an attempt to send correct information to the market, Schechter arranged for Prudential-Bache to issue a denial, which was reported by the financial press at 10:47 a.m. on February 9. Prudential-Bache's statement succinctly and accurately stated that Vista's announcement of a "firm offer" was both "unauthorized" and "incorrect." (Ex. 21; Ex. 187a at 13-16, 132.) In a statement carried on the wire services at 1:40 p.m., Prudential-Bache reiterated its denial. (Ex. 22; Ex. 187a at 26-27.)

DEFENDANT'S SECOND FALSE AND MISLEADING ANNOUNCEMENT

79. During the day on February 9, Schechter telephoned Vista to demand that it retract its false statements. (Ex. 187a at 16-17, 32, 135-36; Ex. 187b at 183.)

80. Sahgal was present at Vista's offices on February 9, but deliberately avoided Prudential-Bache's calls, instead allowing his ill-informed employee, Lyman Parrigan, to engage in discourse with Schechter and others from Prudential-Bache, as Sahgal secretly listened by speaker-phone. His purported reason for not participating in the calls, which the Court finds to be non- credible, is that he was too busy on other matters and that furthermore no one from Prudential-Bache asked to speak with him.

81. At the direction of Sahgal, Sahgal's secretary Blackmore spoke with reporters throughout the day on February 9. (Tr. 514.) Sahgal directed her to do so despite the fact that she had virtually no knowledge of the proposed transaction, limited education, and was not familiar with applicable securities laws. (Tr. 460-61, 481, 514.) In spite of the fact that he was at Vista's offices as she spoke with the press, Sahgal failed to give her proper instructions as to what to say to reporters. (Tr. 237-38; Ex. 189 at 5; Ex. 47 at 475.) Indeed, Sahgal sat brazenly in Vista's conference room as Blackmore fed misinformation to a Wall Street Journal Reporter who had come to Vista's offices. (Tr. 514; Ex. 115.)

*13 82. Not only did Vista reject Schechter's demand for a retraction, but Blackmore reaffirmed Vista's false statements to the financial press. Without any basis whatsoever, and despite Prudential-Bache's denials earlier that day, she told reporters that Vista "did make an offer with Prudential-Bache" to acquire Superior, that Vista and Prudential-Bache "would likely issue a new announcement on the transaction later this afternoon," and that "Vista is working with members of Superior Industries' management for a leveraged buyout of Superior." (Exs. 22,

115, Tr. 514-519.) Vista's and Sahgal's announcements, through Blackmore, furthered the deception of Vista's first press release.

83. Blackmore's reaffirmation of the bogus offer was false, especially in light of Prudential-Bache's denial. Moreover, this second set of false announcements misled the public by suggesting to the public that the game was still afoot and that Prudential-Bache would jointly with Vista issue a subsequent announcement. The claim that Vista was working with members of Superior Industries' management for a leveraged buyout was pure fiction.

SUPERIOR'S DENIAL

84. After Blackmore's false and misleading statements crossed the wire, Superior's chairman Borick told the press that Superior was not discussing a buyout with Vista, that he had previously sent Vista a letter telling them Superior had no interest in doing so, and furthermore that Vista's statement that it was working with members of Superior's management on a leveraged buyout was "a pure out-and-out fabrication." Borick's statements to the press were carried on the news wires on February 9. (Exs. 177, 113.)

BRETZ'S CONVERSATIONS WITH LOUIS BORICK AND LOREN SCHECHTER

85. That same afternoon, Sahgal went to Robert Bretz's office for a meeting. At 5:03 p.m. PST, Barbara Blackmore faxed to Sahgal and Bretz, at Bretz's office, a copy of news wires of Prudential-Bache's and Superior's denials. (Ex. 177.) The news wires reported Borick's statement that he had sent Vista a letter saying that Superior had no interest in holding any discussions with Vista about any leveraged buy-out. The faxed news wires also reported Barbara Blackmore's false statement that Vista "is working with members of Superior Industries management for a leveraged buy-out of the company." (Ex. 177.) These news wires were received and reviewed by Sahgal and Bretz prior to the issuance of Vista's final misleading press release.

86. During the afternoon of February 9, Robert Bretz, acting on behalf of Vista and Sahgal, placed calls to Louis Borick and Loren Schechter.

87. When Bretz reached Borick by telephone he asked for a meeting on behalf of Vista. Borick told Bretz that he was in no way interested in having such a meeting. (Tr. 397.) Borick also told Bretz that he did not have an interest in being acquired by or doing any deal with Vista and that he had communicated that to Sahgal before the issuance of the February 8 press release. (Tr. 395, 449.)

*14 88. In addition to being told directly by Borick, Sahgal also told Bretz that Borick had stated that he did not want to be involved in any deal with Vista. (Tr. 449.)

89. Bretz asked Borick to send him a copy of the January 28 rejection letter which Borick told Bretz that he had sent to Sahgal. (Tr. 451.) at 5:09 p.m., Borick faxed a copy of the letter to Bretz. (Exs. 7, 149.)

90. When Bretz talked to Schechter, Schechter told Bretz that he was the Senior Vice President, General Counsel, and member of the Board of Directors of Prudential-Bache and explained to Bretz that he was giving him a corporate position in the clearest of terms. Schechter told Bretz that, as he had told Vista earlier that day, Prudential-Bache would not participate with Vista in any fashion in a buyout of Superior. (Ex. 187a at 35-40, 104-05, 108-11, 119- 20, 209-10, 220, 228-31; Ex. 187b at 151-52, 181-83, 194-95; Ex. 184d at 776.)

91. Schechter told Bretz in no uncertain terms that there would be no meeting between Vista and Prudential-Bache. (Ex. 187a at 35, 209; Ex. 187b at 183-84, 256-60, 254-67; Ex. 8.)

92. Bretz proceeded to read Schechter a press release which Vista and Sahgal proposed to issue, and subsequently did issue in substance. Schechter warned Bretz that any such release, which left open the possibility that Prudential-Bache might proceed with discussions about

an offer for Superior, or might meet with Vista, would be false and misleading and violative of the federal securities laws. (Ex. 187a at 35-40, 45-46; Ex. 187b at 151-52, 183-84, 215, 256-63, 264-67.)

93. Although Bretz disputes Schechter's testimony, the Court finds that Bretz is not credible, his testimony being motivated by a desire to protect himself because of his own involvement in the facts at issue, as well as by the substantial legal fees that he hopes to collect from Sahgal.

94. Bretz informed Sahgal that Schechter stated in the telephone conversation that Prudential-Bache would not meet with Vista and would not have anything further to do with Vista. (Ex. 184d at 776, 814.)

95. Sahgal knew good and well that Prudential-Bache would never be involved with Vista in any deal concerning Superior. (Tr. 251-53.) He also well knew, since he had been repeatedly told, that the management of Superior would neither meet with Sahgal or Vista nor participate with them in any acquisition or leveraged buyout.

DEFENDANT'S THIRD FALSE AND MISLEADING ANNOUNCEMENT

96. Notwithstanding Schechter's admonition to the defendant through Bretz that the content of the draft press release was false and misleading; Sahgal's and Bretz's knowledge that Prudential-Bache would not meet with or have anything to do with Vista; Borick's reaffirmation to Sahgal and Bretz that Superior would not meet with or have anything to do with Vista (Ex. 184d at 780); that Bretz and Sahgal had in hand a copy of the denials of Prudential-Bache and Superior which had been carried in the financial press; and that neither Sahgal nor Vista possessed the financial capability or resources to acquire or to make any significant or meaningful contribution to the financing of an acquisition of Superior, Vista thereafter issued a release, drafted by Bretz and authorized by Sahgal, and caused it to be disseminated to the financial press. (Tr. 246.) This false and misleading release stated:

*15 Vista Group, Ltd. intends to pursue the acquisition of Superior Industries.

Representatives of Vista will seek to meet with Superior Industries to discuss the proposed acquisition and with Prudential-Bache Securities, Inc. to determine Prudential-Bache's interest, if any, in participating with Vista in the proposed acquisition. A legal representative of Prudential-Bache has indicated that he does not believe that Prudential-Bache is interested in meeting with Vista to further discuss the proposed acquisition.

Vista's plans are subject to the availability of financing, customary due diligence and compliance with applicable securities laws.

Vista intends to issue a further statement following its proposed meetings with Superior and Prudential-Bache.

(Ex. 5.)

97. By the statement that Vista intended to pursue the acquisition of Superior, the press release deceptively told the investing public that Vista had the financial ability to pursue the acquisition of Superior. In fact, Vista and Sahgal were not even in the ballpark of being able to acquire or obtain financing to acquire Superior.

98. The release also misled investors by stating that Vista representatives would "seek to meet" with Superior and Prudential-Bache to discuss Vista's proposed acquisition, as if meetings and a deal were still within the realm of possibility. Sahgal and Bretz both knew, before the issuance of the release, that Superior and Prudential-Bache had unambiguously refused to have anything further to do with Sahgal or Vista.

99. The sentence which states that "a legal representative of Prudential-Bache has indicated that he does not believe" that Prudential-Bache would meet with Vista, a deliberately deceptive statement, in no way

communicates to the investing public the true facts, namely, that Loren Schechter, the General Counsel and a member of the Board of Directors of Prudential-Bache, had told Bretz, in the clearest of terms, that Prudential-Bache would have no further contact with Sahgal or Vista.

100. Directly contrary to the announcement, Vista and Sahgal never sought to meet with Superior or Prudential-Bache, nor was any further statement ever issued. (Tr. 255; Ex. 184b at 148-49.) Sahgal knew when the release was issued that the proposed meetings would never take place. (Ex. 184b at 148- 49.)

101. The announcement that "Vista intends to issue a further statement following its proposed meetings" was nothing more than verbal gymnastics. When defendant caused the issuance of the release, he knew there would be no meetings with Superior or with Prudential-Bache, and he likewise knew that Vista would issue no further statement.

102. Vista's final press release, in its totality, was materially misleading, and furthered the deception engendered by Vista's earlier announcements.

SUPERIOR'S STOCK PRICE INCREASED AS A RESULT OF THE FALSE AND MISLEADING STATEMENTS

103. Analysis of the performance of the stock of Superior reveals a significant rise in price on February 10, 1988. (Exs. 41, 42.) Investors clearly regarded the information contained in the Vista press statements as being material in valuing the stock of Superior. The press statements made by Vista regarding Superior stock had a significant economic impact.

*16 104. Exchange trading in Superior was suspended all day on February 9 as these conflicting stories crossed the wire. When exchange trading resumed on February 10, as a result of defendant's false and misleading statements, the price of Superior's common stock increased substantially. (Exs. 41, 42.)

105. The market price of Superior stock prior to the announcement of the Vista statement on February 8, 1988 was $11.50. The number of Superior shares traded on this day was 2,500. Superior stock did not trade in February 9, 1988. The first trade of Superior stock on the morning of February 10, 1988, was at a price of $15.00--reflecting a rise in price of $3.50 or 30%. The closing price of Superior stock on February 10, 1988, was $13.625, reflecting a price rise of $1.125 or 18.5% over the losing price on February 8, 1990. The number of Superior shares traded on February 10, 1988 was 38,700. (Ex. 185, ¶ 12.)

106. Analysis of the price performance of Superior stock reveals that investors perceived a significant probability that the statements made by Vista were true and acted thereon. In the absence of such statements the price of Superior stock on February 10, 1988 would have been lower than its actual price.

107. The court finds that plaintiff's economic expert, Dr. Michael F. Koehn, is a qualified expert in the fields of economics and finance.

108. Dr. Koehn testified that he analyzed trading in superior stock following dissemination of the defendant's false and misleading statements regarding Vista's purported firm offer to acquire Superior to determine whether investors regarded those statements as material, and to assess the economic impact of those statements on the price of Superior stock. (Ex. 185.)

109. Dr. Koehn sought to determine what the value of Superior stock would have been had those statements not been made. Using statistical analysis, Dr. Koehn calculated that the expected closing price of Superior stock on February 9, the day that trading was suspended, would have been $11.57 with an expected low of $11.00 and an expected high of $12.14. The price at which Superior opened on February 10 when trading resumed, $15.00, was far outside that expected range. The price at which it closed that day, $13.625, was well above the expected closing price of $11.74 that Dr. Koehn calculated. (Id.)

110. Based on his analysis, Dr. Koehn concluded that investors considered the defendant's statements material, and that those statements had a significant economic effect on the price of Superior stock. (Id.)

111. The defendant did not proffer an expert to contest Dr. Koehn's analysis, nor did he contest the facts on which Dr. Koehn's analysis was based. The Court finds Dr. Koehn's testimony creditworthy and persuasive. The Court finds that events following dissemination of the defendant's false and misleading statements regarding Superior show that investors considered those statements material, and that those statements had a significant impact on the price of Superior stock.

DEFENDANT EMPLOYED JURISDICTIONAL MEANS TO COMMIT THE FRAUD

*17 112. The defendant, through the numerous interstate and intrastate telephone calls, facsimile transmissions, letters, press releases, and other statements in furtherance of the fraudulent scheme, used the means and instrumentalities of interstate commerce, and of the mails.

DEFENDANT'S ATTEMPT TO AVOID RESPONSIBILITY

113. In spite of the fact that Sahgal had personally reviewed and approved the February 8, 1988, Vista press release prior to its issuance, during Sahgal's testimony under oath in the Commission's investigation on May 16, 1988 (just three months after the events at issue), in an attempt to cover up and avoid responsibility for the wording of the press release, Sahgal repeatedly denied that he had reviewed or even seen the press release before it was issued. (Ex. 47 at 249, 258-59, 271.)

114. Similarly, Bretz took action during the Commission's investigation, in which Bretz represented both Sahgal and Vista, to persuade Prudential-Bache to mischaracterize the events as a miscommunication, and to be less than candid with the SEC. Prudential-Bache refused to go along with the scheme. (Exs. 8, 23.)

115. Sahgal also continuously repeated his claim that Borick from Superior encouraged Sahgal to indicate an offer price, when Bretz knew all along, as he finally testified at trial, that Borick had told Sahgal that he was not interested in participating in any deal involving Sahgal or Vista.

116. The conclusions of law which follow, to the extent that they may be deemed also to constitute findings of fact, are incorporated herein by reference as findings of fact.

CONCLUSIONS OF LAW

Based upon the foregoing facts, the Court enters the following conclusions of law.

117. Defendants Sahgal and Vista both engaged in activities in violation of Section 10(b) of the Securities Exchange Act.

118. Defendants Sahgal and Vista are guilty of violations of Rule 10b-5 promulgated thereunder.

THE APPLICABLE LAW

119. Section 10(b) of the Exchange Act provides that: It shall be unlawful for any person, directly or indirectly, by the use of any means or instrumentality of interstate commerce or of the mails, or of any facility of any national securities exchange--

(b) to use or employ, in connection with the purchase or sale of any security registered on a national securities exchange or any security not so registered, any manipulative or deceptive device or contrivance in contravention of such rules and regulations as the Commission may prescribe as necessary or appropriate in the public interest or for the protection of investors.

15 U.S.C. § 78j(b).

120. Rule 10b-5, adopted thereunder, provides

that: [i]t shall be unlawful for any person, directly or indirectly, by the use of any means or instrumentality of interstate commerce, or of the mails or of any facility of any national securities exchange, (a) to employ any device, scheme, or artifice to defraud, (b) to make any untrue statement of a material fact or omit to state a material fact necessary in order to make the statements made, in the light of the circumstances under which they were made, not misleading, or (c) to engage in any act, practice, or course of business which operates or would operate as a fraud or deceit upon any person, in connection with the purchase or sale of any security.

*18 17 C.F.R. § 240.10b-5

JURISDICTION AND VENUE

121. This Court has jurisdiction of this action pursuant to sections 21 and 27 of the Securities Exchange Act of 1934, 15 U.S.C. §§ 78u and 78aa.

122. The interstate and intrastate telephone calls, facsimile transmissions, letters, press releases and press statements in furtherance of defendant's fraudulent scheme involved the use of the means and instrumentalities of interstate commerce, and of the mails. SEC v. United Financial Group, Inc., 474 F.2d 354 (9th Cir.1973); Mansbach v. Prescott, Ball and Turben, 598 F.2d 1017 (6th Cir.1979); Taylor v. Door to Door Transp. Services, Inc., 691 F.Supp. 27 (S.D.Ohio 1988).

123. Defendant's claim that the means or instrumentalities of interstate commerce or of the mails were not used is fatuous. All that is necessary is that the jurisdictional means be used in any phase of the transaction or to further the transaction. Ellis v. Carter, 291 F.2d 270, 274 (9th Cir.1961); Heyman v. Heyman, 356 F.Supp. 958 (S.D.N.Y.1972). It is not required that a particular defendant personally carry out the mailing or use of an instrumentality of interstate commerce. Rather, it is sufficient if he causes it to be carried out by setting forces in motion which foreseeably result in use of the mails. United States v. MacKay, 491 F.2d 616 (10th Cir.1973), cert. denied, 416 U.S. 972 (1974). In the present case, not only were jurisdictional means used continuously by the defendant and his agents, but Sahgal caused the very false and misleading press announcement to be disseminated through jurisdictional means.

124. Venue is proper in this Court pursuant to Section 27 of the Securities Exchange Act, 15 U.S.C. § 78aa.

DEFENDANT'S ANNOUNCEMENTS WERE FALSE AND MISLEADING

125. During the course of the events described above, Vista and Sahgal made false and misleading statements regarding the proposed acquisition of Superior. Principal among them was the statement in their initial release on February 8 that "Prudential-Bache ... and The Vista Group ... announced today that they had made a firm offer in a letter to Louis Borick ... to acquire all of the outstanding stock of Superior." The statement was false because Prudential-Bache had authorized neither a firm offer nor an announcement. In fact, given defendant's misrepresentations to Nathanson and other Prudential- Bache employees, made to induce that firm's participation, the defendant's February 8 release contained misrepresentations which rendered the announcement fundamentally false.

126. For example, the release concludes with, "Prudential-Bache Securities, Inc. and The Vista Group, Ltd. stated they have ample resources available to effectuate the transaction." This statement was false and misleading in that Vista had no resources to speak of, and Prudential-Bache has announced nothing.

127. Moreover, although during the morning of February 9 Prudential-Bache had announced that the information contained in the defendant's press release was "unauthorized and incorrect," and although the General Counsel of Prudential- Bache had telephoned the defendant to insist that he issue an announcement retracting his prior

false statements, the defendant rejected Prudential-Bach's demand for a retraction. Instead Sahgal's secretary, acting as the defendant's spokesperson, reaffirmed the substance of the press release, telling reporters that Vista had made an offer with Prudential-Bache, that the two firms "would likely issue a new announcement" later that afternoon, and that Vista was working with the management of Superior on a leveraged buyout. This second false and misleading announcement omitted to state that Vista had, earlier that day, been informed by Prudential-Bache that Prudential-Bache would have no part in any proposed transaction involving Vista.

*19 128. Furthering the effects of the defendant's prior false and misleading announcements, defendant's later release on February 9 falsely stated that "Vista Group, Ltd. intends to pursue the acquisition of Superior Industries," that it "will seek to meet with Superior ... and Prudential- Bache," and that it "intends to issue a further statement following its proposed meetings with Superior and Prudential-Bache."

129. Defendant's final statement was thus an announcement to the public that it would pursue the acquisition of Superior, a multi-million dollar company, when Sahgal and Vista were in fact financially unhealthy and had no means of financing such proposed buyout. Furthermore, the release omitted to state that the defendant had, that same day, been explicitly told by both Superior and Prudential-Bache that those firms would have nothing to do with Vista, and that therefore the proposed meetings would never take place.

DEFENDANT'S ANNOUNCEMENTS WERE MATERIALLY MISLEADING

130. Defendant's statements were materially misleading. In Basic, Inc. v. Levinson, 485 U.S. 224, 108 S.Ct. 978, 99 L.Ed.2d 194 (1988), the Supreme Court reaffirmed the standard of materiality established in TSC Industries, Inc. v. Northway, Inc., 426 U.S. 438, 96 S.Ct. 2126, 48 L.Ed.2d 757 (1976) that materiality requires only " 'a substantial likelihood that the disclosure of the omitted fact would have been viewed by the reasonable investor as having significantly altered the "total mix" of information made available.' " Basic, Inc. v. Levinson, 485 U.S. at 231-32.

131. A review of the misleading statements themselves, as well as the increase in the price of Superior's common stock on February 10, 1988, when the exchange trading market in Superior reopened, demonstrates the materiality of the defendant's false and misleading statements. (Exs. 41, 42.)

DEFENDANT ACTED WITH SCIENTER

132. It is axiomatic that both knowing and reckless misconduct satisfy the scienter requirement of Section 10(b) and Rule 10b-5 thereunder. Nelson v. Serwold, 576 F.2d 1332, 1337 (9th Cir.1978), cert. denied, 439 U.S. 970, 99 S.Ct. 464, 58 L.Ed.2d 432 (1978); Baker v. Eagle Aircraft Co., 642.F.Supp. 1005, 1008 (D.Or.1986). Where a defendant deliberately misrepresents or omits facts, or does so recklessly, he possesses the requisite scienter. Burgess v. Premier Corp., 727 F.2d 826 (9th Cir.1984). The Ninth Circuit has defined recklessness as follows: Defendants have acted recklessly "if they had reasonable grounds to believe material facts existed that were misstated or omitted, but nonetheless failed to obtain and disclose such facts although they could have done so without extraordinary effort." Keirnan v. Homeland, Inc., 611 F.2d 785, 788 (9th Cir.1980).

133. The foregoing facts indicate that the defendant acted knowingly and wilfully, or, at the very least, with a reckless disregard for the truth, in making false and misleading statements concerning Superior. The statements were made in a manner reasonably calculated to deceive the investing public.

*20 134. Defendant's attempt to disassociate himself from his alter ego Vista is ludicrous. "A corporate 'offer or director is, in general, personally liable for all torts which he authorizes or directs or in which he participates.' " Transgo, Inc. v. Ajac Transmission Parts Corp., 768 F.2d 1001,

1021 (9th Cir.1985), cert. denied, 474 U.S. 1059, 106 S.Ct. 802, 88 L.Ed.2d 778 (1986). Moreover, while "corporate officers are not liable for the illegal actions of others in the corporation merely by virtue of their positions or offices, they may become liable, however, if they knowingly participate in such actions." U.S. v. Appendagez, Inc., 560 F.Supp 50 (Ct.Int'l Trade 1983).

135. Sahgal, as Vista's sole shareholder, directed Vista's actions as surely as he did his own. The idea to attempt to acquire Superior was Sahgal's alone. The idea to lie to Nathanson and Prudential-Bache was Sahgal's alone. The idea to draft and issue a press release, falsely attributed to Prudential-Bache, was Sahgal's. Neither Barbara Blackmore nor Lyman Parrigin acted independently any more than they worked for themselves--both were Vista employees who took their directions from Sahgal, and whose dutieis were chiefly ministerial. Defendant Sahgal's own actions, in addition to his actions through his alter ego Vista, are more than sufficient to impose liability upon him for violating Section 10(b) and Rule 10b-5 thereunder.

DEFENDANT'S FALSE AND MISLEADING STATEMENTS WERE MADE IN CONNECTION WITH THE PURCHASE AND SALE OF SECURITIES

136. Rule 10b-5 provides that it is unlawful to make false or misleading statements "in connection with the purchase or sale of any security."

137. During the course of this litigation, the defendant repeatedly urged the Court to hold that, to satisfy the "in connection with" element of Rule 10b-5, the SEC must prove that investors in fact relied on defendant's false and misleading statements regarding Superior in effecting actual purchases and sales of Superior stock.

138. At a hearing on January 8, 1990, this Court again explicitly rejected the defendant's reliance argument. See SEC v. Blavin, 760 F.2d 706, 711 (6th Cir.1985) ("Unlike private litigants seeking damages, the [Securities and Exchange] Commission is not required to prove that any investor actually relied on the misrepresentations or that the misrepresentations caused any investor to lose money"); SEC v. Tome, 638 F.Supp. 569, 620-621 n. 46 (S.D.N.Y.1986), aff'd 833 F.2d 1086 (2d Cir.1987), cert. denied, 486 U.S. 1015, 108 S.Ct. 1751, 100 L.Ed.2d 213 (1988) (SEC not required to prove reliance or damage in an action under Rule 10b-5).

139. Such a showing is not part of the SEC's burden in an action under Rule 10b-5 seeking prospective injunctive relief because the substantive "in connection with" element goes to the nature of the defendant's conduct rather than its actual effect on trading. See SEC v. Texas Gulf Sulphur, 401 F.2d 833, 862 (2d Cir.1968), cert. denied, 394 U.S. 976, 89 S.Ct. 1454, 22 L.Ed.2d 756 (1969) (Rule 10b-5 violated where false and misleading statement made "in a manner reasonably calculated to influence the investing public, e.g., by means of the financial media"); SEC v. Savoy Industries, Inc., 587 F.2d 1149, 1171 (D.C.Cir.1978), cert. denied, 440 U.S. 913, 99 S.Ct. 1227, 59 L.Ed. 462 (1979) ("in connection with" requirement "is satisfied whenever it may reasonably be expected that a publicly disseminated document will cause reasonable investors to buy or sell securities in reliance thereon").

*21 140. In the present case, the defendant's false and misleading statements regarding the purported "firm offer" to acquire Superior, deliberately disseminated to a broad audience by means of a national wire service, were "of a sort that would cause reasonable investors to rely thereon ... and to purchase or sell" Superior stock and, accordingly, the Court concludes that those statements were made "in connection with" purchases and sales of Superior stock.

141. The question whether any investor actually relied on the defendant's misrepresentations goes to standing to sue rather than the substantive "in connection with" element. The rule that only an actual purchaser or seller can maintain a private

action for damages under Rule 10b-5 "imposes no limitation on the standing of the SEC to bring actions for injunctive relief under Section 10(b) and Rule 10b-5." Blue Chip Stamps v. Manor Drugs, 421 U.S. 723, 751 n. 14 (1975). In contrast with a private action seeking compensation for a private injury, an SEC enforcement action for prospective injunctive relief seeks to deter future misconduct.

142. Moreover, Rule 10b-5 prohibits not only "act[s], practice[s], [and] course[s] of business that actually operate "as a fraud or deceit on any person," but also those which "would operate" as such. 17 C.F.R. § 240.10b- 5.

143. To accept the defendant's argument here would be tantamount to saying that, having proved that the defendant had taken all steps necessary to carry out a fraud under Rule 10b-5, and having shown that prospective injunctive relief was warranted, the SEC was nonetheless foreclosed from seeking such relief because fortuitously the defendant's fraudulent scheme failed.

144. In any event, the Court finds that, without a doubt, defendant's fraudulent scheme did have a significant impact on the stock price of Superior. Notwithstanding the trading suspension on February 9, the defendant's false and misleading statements did in fact induce actual purchases and sales of Superior stock. See discussion supra.

DEFENDANT DID NOT IN GOOD FAITH RELY ON ADVICE OF COUNSEL

145. Defendant attempted to defend this lawsuit by claiming that he relied on the advice of counsel. In order for defendant to establish a defense of good faith reliance on advice of counsel, he must show that he (1) made a complete disclosure to counsel; (2) requested counsel's advice as to the legality of the contemplated action; (3) received advice that it was legal; and (4) relied in good faith on that advice. SEC v. Goldfield Deep Mines Co. of Nevada, 758 F.2d 459, 467 (9th Cir.1985); SEC v. Savoy Industries, Inc., 665 F.2d 1310, 1314 n. 28 (D.C.Cir.1981).

146. As an initial matter, defendant's first two announcements were made without the involvement of counsel. The third announcement, the February 9, 1988, press release (Ex. 5) involved Robert Bretz.

147. Even if reliance on counsel could be established as to the February 9, 1988, press release, the defense is not an automatic one, but is just one factor to be considered in determining the propriety of injunctive relief. See SEC v. Goldfield Deep Mines Co. of Nevada, 758 F.2d 459, 467 (9th Cir.1985).

*22 148. Defendant has not made an adequate showing of the requisite elements of a reliance on advice of counsel defense. Sahgal testified that he did not report to Bretz about his conversations with Nathanson. (Ex. 184d at 749.) Due to his knowing failure to disclose to counsel his misrepresentations to Nathanson, defendant can not now claim that he was relying on advice of counsel.

149. In addition, defendant's proven lack of good faith precludes a reliance on counsel defense. Sahgal personally was fully aware of the deceptive nature of the February 9 press release. Sahgal knew that neither he nor Vista possessed the financial capability and resources to acquire or to make any significant or meaningful contribution to the financing of an acquisition or leveraged buy-out of Superior, yet he caused it to be announced that Vista was going to pursue an acquisition. Sahgal knew that Superior's management would not meet with or be involved with Vista, yet he caused it to be announced that Vista would be seeking to meet the Superior (as if there was a possibility that a meeting and possibly a deal might still occur). Sahgal knew that Prudential- Bache would not meet with or be involved with Vista in any deal, yet he caused it to be announced that Vista would seek to meet with Prudential-Bache (as if there was a possibility that a meeting and possibly a deal might still occur).

150. The fact that a member of the Bar was willing to strategize with Sahgal and help him draft and issue that which Sahgal knew was deceptive does not diminish Sahgal's

responsibility or the need for an injunction.

151. Further, the claim of reliance on advice of counsel is not well taken because Bretz, the counsel allegedly relied upon, acted not as an unbiased legal advisor, but rather as a participant in defendant's scheme. (See, e.g., Ex. 187b at 264-67.)

152. Finally, even if defendant had successfully established reliance on advice of counsel as to the February 9, 1988, press release, that would not negate defendant's responsibility for the earlier deceptive announcements and the forces thereby put in motion by such statements.

INJUNCTIVE RELIEF IS APPROPRIATE

153. The Court has the authority to grant the Commission's request for injunctive relief pursuant to §§ 21(d) and (e) of the Securities Exchange Act, 15 U.S.C. § 78u(d) and (e).

154. Section 21(d) grants the SEC authority to bring an action against any person who "is engaged or is about to engage" in a violation, and provides that "upon a proper showing" an injunction shall be issued.

155. A proper showing is made when the Commission establishes that the defendant's conduct constitutes violations of the federal securities laws and there is a reasonable likelihood that the violative conduct will recur unless the defendant is enjoined. SEC v. Murphy, 626 F.2d 633, 655 (9th Cir.1980); SEC v. Commonwealth Chemical Sec. Inc., 574 F.2d 90, 100 (2d Cir.1978); SEC v. Universal Major Indus. Inc., 546 F.2d 1044, 1048 (2d Cir.1976); SEC v. Management Dynamics, Inc., 515 F.2d 801, 807-08 (2d Cir.1975).

*23 156. The Commission is not required to make a showing of irreparable injury or lack of an adequate remedy at law. SEC v. Management Dynamics, 515 F.2d 801, 808 (2d Cir.1975).

157. Injunctive relief is warranted where the SEC shows that "future violations of securities laws are likely to occur." SEC v. Cal-Am Corp., 445 F.Supp. 1329, 1336 (C.D.Cal.1978).

158. Among the factors courts have considered in assessing the likelihood of future violations are the following: (1) whether the defendant committed a past violation; (2) the degree of scienter involved in the past violation; (3) whether the past violation was an isolated occurrence; (4) whether the defendant has acknowledged the wrongfulness of his past conduct and has given assurances that the violations will not be repeated; and (5) whether, because of his occupation, the defendant might be in a position where future violations could be anticipated. SEC v. Murphy, supra; SEC v. Commonwealth Chemical Sec. Inc., supra; SEC v. Universal Major Indus. Inc., supra; SEC v. Shapiro, 494 F.2d 1301, 1308 (2d Cir.1974) ("[f]irst offenders are not immune from injunctive relief"). See also SEC v. Everest Management Corp., 466 F.Supp. 167, 176 (S.D.N.Y.1979) (defendants' occupation, coupled with their deliberate past violation, strengthens the inference that they are likely to commit violations in the future).

159. Sahgal intentionally and knowingly designed and participated in a fraudulent scheme that included several false and misleading announcements which were deliberately disseminated to the financial press to influence the investing public. Defendant then engaged in ongoing actions to conceal the fraudulent activity. As this Court has previously recognized, "current misfeasance is always one of the best indications of the likelihood of future transgressions." SEC v. Cal-Am Corp., supra.

160. Far from acknowledging the wrongfulness of his past conduct and expressing any remorse, and far from giving assurances that such conduct will not recur, Sahgal continues to be smug and belligerent about his fraudulent activity. Indeed, he proudly claims that his type of deceptive activity "happens all the time in the LBO business." (Tr. 601.) In March of this year, at his deposition, Sahgal still did not know if he would continue to issue unauthorized press

releases on behalf of other parties. (Ex. 184c at 482.) To exculpate himself, Sahgal continues to place any blame for his activity on his loyal employees, or on Prudential-Bache, and he continues to attempt to shield himself behind his alter ego corporation.

161. Sahgal lacks candor. His statements under oath differ according to which version of the "facts" he thinks helps his cause at a given point in time. For instance, on December 27, 1989, Sahgal signed a declaration under oath which he filed with the Court. (Ex. 180.) At his compelled deposition on March 3, 1990, he could not remember important "facts" included in the declaration that he signed only two months earlier. (Compare Ex. 180, ¶¶ 13, 15 with Ex. 184c at 433-35, 444, 463.) Defendant's lack of candor demonstrates his untrustworthiness with respect to future compliance with the law.

*24 162. Defendant's disregard for his legal obligations is further illustrated by his pattern of obstructive conduct in discovery.

163. Sahgal is in the business of arranging mergers and acquisitions and intends to remain in that business. Accordingly, Sahgal will have abundant opportunity to perpetrate similar fraudulent acts again, either directly through his alter ego Vista or some other vehicle of his creation, or through his business of "consulting" or advising others on mergers and acquisitions.

164. The Commission has shown that defendant has violated Section 10(b) of the Securities Exchange Act and Rule 10b-5 promulgated thereunder.

165. Unless an injunction is entered, there is a reasonable likelihood that defendant will engage in future violations of the federal securities laws similar to those he has previously committed.

166. The findings of fact which preceded these conclusions of law, to the extent they may be deemed also to constitute conclusions of law, are incorporated herein by reference as conclusions of law.

ORDER

Based upon the foregoing findings of fact and conclusions of law, it is hereby ordered that a permanent injunction should be and will be entered in favor of plaintiff Securities and Exchange Commission, and against the defendant, Vipin Sahgal, which permanently enjoins and restrains Sahgal, his agents, servants, employees, attorneys, and those persons in active concert or participation with Sahgal, and each of them, from further violations of Section 10(b) of the Securities Exchange Act of 1934 (15 U.S.C. Section 78j(b)) and Rule 10b-5 thereunder (17 C.F.R. Section 240.10b-5). Failure to abide by this injunction can result in civil and criminal penalties.

Due to the frivolous nature of defenses interposed by the defendants in this case, presented to the Court at trial and in papers signed by both defendant Sahgal and his former attorney, Robert Bretz, the Court hereby imposes Rule 11 sanctions in the amount of $6,000 jointly and severally on defendant Sahgal and Robert Bretz. These sanctions shall be paid within 30 days of this Order unless otherwise ordered by the Court upon a motion showing good cause why they should not be, any such motion of shall be supported by accurate and up-to-date financial statements (balance sheet and income statement). These frivolous defenses consisted of, but were not limited to, the following:

A. The defense that the defendant did not employ jurisdictional means in furtherance of his fraud, where defendant admitted he and his agents made use of telephones, mail, facsimile transmissions, and the financial wire services in connection with his proposed acquisition of Superior;

B. The defense that Sahgal is not liable for the issuance of false and misleading announcements concerning Superior because Vista, his alter ego corporation of which he is sole owner, issued the announcements at his direction;

C. The defense that Sahgal is not liable

because he did not draft or prepare any of the announcements concerning Superior, when he directed their preparation and issuance;

*25 D. The defense that Sahgal made no public announcements or statements to the press concerning Vista's and Prudential-Bache's plans to acquire Superior, a defense which is, in light of the foregoing findings, simply preposterous;

E. The continuously repeated claim (including under oath) that Borick from Superior encouraged Sahgal to propose an offer price, when Bretz knew all along, as he finally testified at trial, that Borick had told Sahgal that he was not interested in any deal with Sahgal or Vista.

A copy of the foregoing shall be forthwith filed with the clerk, and plaintiff shall serve copies on defendants Sahgal and Vista, and their former counsel, Robert Bretz.

FN1. Although he represented himself inside the Courtroom, Sahgal continued to have Bretz prepare his continuous stream of frivolous paperwork and to coordinate his trial activity and the testimony of witnesses.

END OF DOCUMENT

Ex-U

Bart STOLP, Plaintiff,
v.
SOLLAS CORPORATION, Sollas Holland, B.V., and Roberts Technology Group, Inc., Defendants.

Civil Action No. 96-0723.

United States District Court,
E.D. Pennsylvania.

Feb. 21, 1997.

MEMORANDUM

KELLY, J.

*1 This civil action was filed on January 31, 1996. The Complaint alleges that Sollas Corporation breached an alleged written employment contract which provided for a two-year term by terminating Plaintiff's employment after approximately one year. Discovery closed November 8, 1996, pursuant to the First Amended Scheduling Order. Since December 2, 1996, this case was listed in the trial pool; however, because of recently filed pre-trial motions, the case has been pulled from the trial pool pending the disposition of these motions.

Defendants Roberts Technology Group, Inc. ("RTG") and Sollas Holland, B.V. ("Sollas Holland") have filed a Motion for Partial Summary Judgment on Plaintiff's claims of Successor Liability (Count III), Tortious Interference With Contractual Relations (Count IV), and Civil Conspiracy (Count V). In addition, all Defendants have filed a Motion in Limine to preclude Plaintiff from calling Counsel for Defendants, John Fenningham, Esq., as a witness in this case. In response, Plaintiff has filed a Motion to Disqualify Fenningham and his firm as trial counsel for Defendants. For the following reasons, Defendants' Motion for Partial Summary Judgment will be granted, Defendants' Motion In Limine will be denied, Plaintiff's Motion to Disqualify counsel for Defendants will be granted with respect to Mr. Fenningham's participation at trial, but denied as far as the motion seeks disqualification of the law firm Corr, Stevens & Fenningham.

BACKGROUND

Sollas Corporation ("Sollas") is a New Jersey corporation and the wholly owned subsidiary of Sollas Holland, a privately owned foreign corporation organized and operating in the Netherlands. Sollas Holland manufactures certain packaging machines that, for example, apply plastic shrink wrap to post-its and other consumer items. Sollas Holland established Sollas over twenty years ago to sell its products in North America.

Robert Cheatle, Sr. ("Cheatle, Sr.") had been with Sollas Corporation since 1977. His main responsibility was sales. In 1993, Cheatle, Sr. became President of Sollas Corporation and reported directly to Pieter Oly ("Oly"), Chairman of Sollas Corporation, who lived in Holland. However, Oly wanted to hire a Chief Executive Officer that would eventually succeed Cheatle, Sr. as President.

Plaintiff Bart Stolp alleges that he was hired by Oly, for a two-year term as its Chief Executive Officer commencing on July 5, 1994. Oly and Stolp signed a letter drafted by Oly and written in Dutch, dated April 28, 1994, outlining the essential terms of Stolp's employment. Stolp's title was C.E.O. and Cheatle, Sr. reported to Stolp as President, but his concentration remained on sales. Then, on January 4, 1995, Cheatle, Sr. reached an agreement with Sollas Corporation whereby his status would change to that of an independent consultant continuing to be responsible for sales of Sollas products and services.

In November of 1994, Robert Cheatle, Jr. ("Cheatle, Jr.") lost his job as Vice President and Manager of a pharmaceutical manufacturing company. In February of 1995, Cheatle, Jr. started his own company, RTG. Cheatle, Jr. developed an interest in Sollas Holland products and, after discussions with his father and Oly, represented Sollas in America. In May of 1995, Cheatle, Jr. flew to

Holland and met with Oly and Kjell Kool, another officer of Sollas Holland. During this trip, Oly agreed to sell Sollas Corporation to Cheatle, Jr.

*2 Prior to the meeting to discuss the terms of RTG's purchase of the assets of Sollas Corporation, Cheatle, Jr. had several telephone conversations with Oly regarding the purchase of Sollas in which Stolp was also discussed. Specifically, Cheatle, Jr. told Oly:

> If RTG decided it would be a representation [of Sollas Holland], I'm the president and C.E.O., I don't need Mr. Stolp. If R.T.G. considered a purchase of such, I'm the president and C.E.O. of R.T.G., I don't need Mr. Stolp.

(Cheatle, Jr. Dep. at 74).

On May 23, 1995, a month prior to Stolp's termination of employment, a meeting took place for the purpose of coming to an agreement on the terms of RTG's purchase of the assets of Sollas Corporation. In addition, Plaintiff alleges that there were discussions regarding his employment. John Fenningham, Esq. ("Fenningham"), was present at said meeting and represented Cheatle, Jr., of RTG. Also present at the meeting were Robert Cheatle, Jr.'s accountant, John Maloney, and Peter Oly and Kjell Kool of Sollas Corporation and Sollas Holland.

Thereafter, Fenningham prepared all of the underlying documents relating to the transaction, including the Asset Purchase Agreement. Plaintiff points out that the Asset Purchase Agreement was made effective on May 31, 1995, with a closing date in October 1995, but was not signed on that date, no closing meeting actually took place and none of the signatories remember when they signed this document. [FN1] Thus, it is Plaintiff's contention that only Mr. Fenningham presently knows when the Asset Purchase documents were prepared and when each of the signatories signed the Asset Purchase Agreement.

FN1. According to Plaintiff, such information is relevant to the issue of whether the transfer of assets is a sham, whether there was a violation of the Pennsylvania Fraudulent Transfer Act, is evidence of a conspiracy, and goes to the intent of the parties to conceal the alleged transaction.

In addition to the Asset Purchase documents, a "Letter of Intent," dated June 6, 1995, was prepared by Fenningham stating that Stolp would be fired on June 26, 1995. [FN2] The letter was sent to Oly in Holland under the signature of Cheatle, Jr. on behalf of RTG and signed and accepted by Oly on June 13, 1995. According to Plaintiff, the letter mischaracterized Stolp as an at will employee. Subsequently, Stolp was fired on said date.

FN2. Specifically, paragraph 6(A) of the Letter of Intent stated that "Sollas Holland, B.V. plans to terminate the at will employment of current officers of Sollas on or about June 26, 1995." Stolp's employment was terminated on June 26, 1995.

DISCUSSION

1. DEFENDANTS' MOTION FOR PARTIAL SUMMARY JUDGMENT

A. STANDARD

Pursuant to Rule 56(c), summary judgment is proper "if there is no genuine issue as to any material fact and the moving party is entitled to a judgment as a matter of law." Fed.R.Civ.P. 56(c). The moving party has the initial burden of informing the court of the basis for its motion and identifying those portions of the record that demonstrate the absence of a genuine issue of material fact. Celotex Corp. v. Catrett, 477 U.S. 317, 323, 106 S.Ct. 2548, 91 L.Ed.2d 265 (1986). The non-moving party cannot rest on the pleadings, but rather that party must go beyond the pleadings and present "specific facts showing that there is a genuine issue for trial." Id. at 324; see also Fed.R.Civ.P. 56(e). If the court, in viewing all reasonable inferences in favor of the non-moving party, determines that there is no genuine issue of material fact, then summary judgment is proper. Celotex, 477 U.S. at 322; Wisniewski v. Johns-Manville Corp., 812 F.2d 81, 83 (3d Cir.1987).

B. TORTIOUS INTERFERENCE WITH CONTRACTUAL RELATIONS

*3 To establish a claim of tortious interference with contractual relations, Plaintiff must prove: (1) the existence of a contractual relationship; (2) an intent on the part of the defendant to harm the plaintiff by interfering with that contractual relationship (knowledge of the contract must be present to establish intent); (3) the absence of privilege or justification for such interference; and (4) damages resulting from defendant's conduct. See United States Fidelity and Guaranty Co. v. U.S. Healthcare, Inc., 1996 WL 606308, *2 (E.D.Pa. Oct.23, 1996), (citing Silver v. Mendel, 894 F.2d 598, 604-05 (3d Cir.1990), cert. denied, 496 U.S. 926, 110 S.Ct. 2620, 110 L.Ed.2d 641 (1990)).

Here, Defendants submit that RTG was unaware of the existence of an alleged contract of employment. To support their contention, Defendants point out that Cheatle, Jr. is RTG's sole shareholder and that his deposition testimony shows that he did not have actual knowledge of the existence of any written contract of employment between Stolp and Sollas before the date of Stolp's termination of employment on June 26, 1996. In addition, Sollas' agents Pieter Oly (Chairman and Majority Shareholder), Thomas Higgins (CPA), and Robert S. Cheatle, Sr. (former employee and officer) all testified that they did not inform Cheatle, Jr. of the existence of any employment contract. [FN3] Therefore, Defendants contend that because RTG did not have actual knowledge of the alleged employment contract before Stolp was terminated, Plaintiff cannot establish the required element of intent.

FN3. Defendants point out that Robert S. Cheatle, Sr., in fact, could not have informed Cheatle, Jr. because he has no knowledge of the purported contract either.

Defendants also argue that neither RTG nor its agent, John F. Maloney, CPA, could have known of the existence of the alleged contract, as they did not have access to Sollas' books and records until July 6, 1996, when Mr. Maloney first traveled to the Morristown, NJ offices to commence his due diligence investigation for RTG. As for Plaintiff's claim that his employment contract was disclosed in financial statements, Defendants argue that deposition testimony makes clear that neither RTG nor its agents were ever provided with the withdrawn "audited" financial statements until discovery commenced in this case. Furthermore, Defendants have denied that the April 28, 1994 letter written in Dutch is an employment contract or that there was any written agreement with Stolp. Thus, Defendants Sollas Corporation and Sollas Holland have expressly disavowed the existence of any alleged contract of employment with Plaintiff.

In response, Plaintiff argues that the facts and inferences to be drawn therefrom point to the opposite. Specifically, Plaintiff points to the following:

1. Sollas Corporation's accountant, Higgins, had obtained the employment contract information in time to place a Note in the December 1994 Financial Statement he was preparing in May 1995. He placed a prominent Note to that effect in the Statement by June 8, 1995;

*4 2. Oly absolutely knew of the Stolp employment contract but claims that he did not tell Cheatle, Jr. about it;

3. Cheatle Sr. who talked to Oly at least three times a week, interviewed Stolp before he was hired, and knew everything about the company, claims he did not know about the 2-year term.

4. Cheatle, Jr. and Cheatle, Sr. talked often about the affairs of Sollas Corporation; and

5. Before drafting the Letter of Intent, Cheatle, Jr. told Oly that there was no way he would need Stolp if he bought Sollas Corporation or its assets.

In Progress Federal Savings Bank v. Lenders Assoc., Inc., 1995 WL 464320 (E.D.Pa. July 31, 1995), the defendant, Lenders Association,

Inc. ("Lenders"), offered to sell the servicing rights to an $89 million mortgage portfolio. The plaintiff, Progress Federal Savings Bank ("Progress"), bid on the portfolio and alleged that Lenders accepted its bid; however, Lenders then withdrew, telling Progress it had decided to retain the portfolio. Then Lenders contracted with defendant NatWest Home Mortgage Corporation ("NatWest") to sell the portfolio for a higher price. Progress then filed suit, claiming, inter alia, interference with contractual relations and civil conspiracy. The court granted summary judgment for NatWest as to the count of intentional interference with contractual relations. In doing so, the court held that there was no evidence of any involvement of NatWest beyond its knowledge that Progress claimed a prior binding contract. Indeed, "[t]o be held liable for interference with a contract, the defendant must be shown to have caused the interference...." Progress, 1995 WL 464320 at *5 (citing Prosser's Law of Torts § 766). Thus, knowledge, alone, is not sufficient to create liability under Count IV of Plaintiff's Complaint.

In the case at hand, there is no evidence that Cheatle, Jr. knew of the alleged 2-year employment contract between Sollas Corporation and Stolp. However, even if Cheatle, Jr. knew of such an employment contract, there is nothing in the record to indicate that Cheatle, Jr. interfered with Stolp's employment contract other than his statement to Oly that he would have no use for Stolp if RTG purchased the assets of Sollas Corporation. While Plaintiff may argue that such a statement induced Oly to terminate Stolp's employment, it would appear that the parties in this case were merely acting solely to advance their own business interests. Thus, summary judgment will be granted in favor of RTG on Count IV of Plaintiff's Complaint.

With respect to Sollas Holland, Defendants contend that Stolp's claim of intentional interference with contractual relations is defective as a matter of law. Defendants argue that such a claim must fail because Sollas Holland is not a third party, separate from Sollas, for purposes of interfering with the alleged contract. See Labalokie v. Capital Area Intermediate Unit, 926 F.Supp. 503, 509 (M.D.Pa.1996) ("A tortious interference with contract claim will only lie where a defendant has interfered with a plaintiff's contract with a third party."). Thus, Defendants' claim that because Sollas Holland has complete control over Sollas by virtue of owning all of its issued and outstanding stock, it cannot interfere with its subsidiary's contract with an employee and this claim must fail as a matter of law. See Greto v. Radix Sys., Inc., 1994 WL 73762, *4 (E.D.Pa. March 10, 1994) ("In Pennsylvania, one cannot be liable for tortious interference with a contract to which one is a party.").

*5 When a parent company asserts such a privilege, this Court must examine the following factors to determine whether interference in a given case is proper: the actor's conduct, the actor's motive, the interests sought to be advanced by the actor, and the relations between the parties. Green v. Interstate United Management Serv. Corp., 748 F.2d 827, 831 (3d Cir.1984); see also Restatement (Second) of Torts § 767.
The central inquiry in the evaluation is whether the interference is "sanctioned" by the " 'rules of the game' which society has adopted [defining] socially acceptable conduct which the law regards was privileged.' "
Advent Sys. Ltd. v. Unisys Corp., 925 F.2d 670, 673 (3d Cir.1991).

In Wagner v. Continental Bank, 1991 WL 68024 (E.D.Pa. April 25, 1991), the plaintiff filed a six count amended complaint that sought "to recover severance and retirement benefits under ERISA. Count III of plaintiff's complaint asserted that the Chairman and CEO of defendant Midlantic, Robert Van Buren, while acting within his scope of employment, ordered and required the Chairman of the Board, Roy Periano, of Defendant Continental Bank (Midlantic's wholly owned subsidiary) to breach his agreement with defendant Continental and thereby tortiously interfered with his early retirement agreement. In granting the defendants summary judgment on this count, Judge Reed wrote:
To survive the motion for summary judgment

on this claim, plaintiff must show that he can establish at trial that Van Buren acted "improperly" on behalf of Midlantic when he directed Continental to breach the alleged early retirement contract. To that end Wagner contends that Van Buren had a malicious purpose in forcing Periano into breaching the agreement, i.e., Van Buren wanted to assert his authority over Periano. This is not sufficient to save this count from summary judgment in defendants' favor. Comment e of § 769 states that if the action is directed at protecting the actor's interest it is immaterial that he also takes "malicious delight" in the harm caused by his action. Id. at *7.

As in Wagner, Sollas Holland had sufficient interest in the business of Sollas Corporation to make its interference proper. In his deposition, Pieter Oly testified that the reason Mr. Stolp was terminated was because of Plaintiff's non-performance and the selling of assets of Sollas Corporation to RTG. (Oly Dep. at 107). When asked about the document alleged by Plaintiff as the his employment contract, Oly did not consider it to be an employment contract. (Oly Dep. at 98). In addition, there is no evidence that Oly acted unlawfully in causing Sollas Corporation to breach the alleged agreement. Thus, Plaintiff has not established that Sollas Holland "improperly" interfered in a tortious way with the performance of his alleged employment contract. [FN4]

FN4. Like in Wagner, "allowing a parent corporation to freely interact with its wholly owned subsidiary outweighs allowing [Plaintiff] to challenge the alleged breach of his [employment] agreement in a tort rather than a contract action." Wagner, 1991 WL 68024 at *8.

C. CIVIL CONSPIRACY

*6 "In Pennsylvania, a civil conspiracy can be pleaded when 'two or more persons combined or agreed with intent to do an unlawful act or to do a lawful act by unlawful means.' " Pierce v. Montgomery County Opportunity Bd., Inc., 884 F.Supp. 965, 974 (E.D.Pa.1995). " 'Proof of malice, i.e., an intent to injure, is an essential part of a conspiracy cause of action; this unlawful intent must also be without justification." Rutherford v. Presbyterian- University Hospital, 417 Pa.Super. 316, 612 A.2d 500, 508 (Pa.Super.1992).

Here, Stolp alleges civil conspiracy in Count V of the Complaint. He avers that Sollas and RTG conspired to interfere, interrupt and breach the alleged contract. To prevail on this claim, Stolp must prove that Defendants acted with the common purpose to interfere with his contract. Again, Defendants argue that because RTG was unaware of the existence of the contract at the time of Stolp's termination, summary judgment is appropriate regarding this Count of the Complaint. Plaintiff, on the other hand, argues that "the crux of Plaintiff's case is based upon the Letter of Intent between Cheatle, Jr. and Oly. That Letter followed meetings and telephone calls between the two discussing the proposed purchase, Sollas Corporation employees and in particular, Bart Stolp." (Plaintiff's Response at 14).

Despite Plaintiff's allegations, Plaintiff has provided no evidence of malice. As in Progress, there are no facts here which indicate that Defendants acted solely to injure Stolp. To the contrary, the record shows that Defendants acted solely to advance their own business interests. Because Stolp has presented no evidence from which a reasonable jury could find in his favor, this Court will grant summary judgment in favor of Defendants on Plaintiff's conspiracy claim.

D. SUCCESSOR LIABILITY

Under Pennsylvania law, the general rule is that "where one company sells or otherwise transfers all of its assets to another company, the latter is not liable for the debts and liability of the transferor, including those arising out of the latter's tortious conduct." Husak v. Berkel, 234 Pa.Super. 452, 341 A.2d 174, 176-77 (Pa.Super.1975). The plaintiff bears the burden of refuting this general rule by establishing one of the following: 1) the purchaser expressly or impliedly agreed to

assume the obligations; 2) the transaction amounts to a consolidation or merger; 3) the purchasing corporation was merely a continuation of the selling corporation [FN5]; 4) the transaction was fraudulently entered into to escape liability; and 5) the transfer was without adequate consideration and no provision was made for creditors of the selling corporation. See Hill v. Trailmobile, Inc., 412 Pa.Super. 320, 603 A.2d 602, 605 (Pa.Super.1992) (citing Husak, supra).

FN5. This third exception is only applicable when there is "a common identity of officers, directors and stock between the selling and purchasing corporations, and only one corporation after the transfer." Dawjeko v. Jorgensen Steel Co., 290 Pa.Super. 15, 434 A.2d 106, 108 (Pa.Super.1981)

*7 Count III of Stolp's Complaint asserts a cause of action against RTG for "Successor Liability." This cause of action is premised upon the allegation in Paragraph 34 of the Complaint which provides that "Roberts Technology assumed the liabilities of Sollas Corporation, including the Stolp- Sollas Corporation employment contract, as the successor in interest to Sollas Corporation." However, RTG responds that it only assumed one liability, the inter-company indebtedness of Sollas Corporation to its parent, Sollas Holland.

In denying these allegations, RTG points to paragraph 3(a) of the Asset Purchase Agreement, which expressly provides: "BUYER [RTG] shall not assume or agree to buy liabilities of SELLER [Sollas and Sollas Holland], except the inter-company Liability owed by SOLLAS NJ...." Furthermore, Paragraph 3(c) provides, in relevant part, as follows:

(c) Notwithstanding the repayment of the Purchase Price under Section 3(b), nothing contained herein shall cause BUYER to assume any of the following liabilities of SELLER or any division, affiliate or predecessor thereof:

(i) any liabilities arising out of any breach of any provision of any contracts, including without limiting the foregoing, any claim on Schedule 4;

* * * * *

(iv) any liabilities arising on, before or after, or as a result of, the closing of this transaction of any employees, agents, or independent contractors of SELLER under any contract, employment policy, pension, bonus, profit sharing or retirement, benefit plan or other arrangement;

* * * * *

(vi) any liabilities arising or incurred in connection with the negotiation, preparation and execution of this Agreement and associated transactions; or

* * * * *

In an effort to clarify the liabilities that BUYER is not assuming under this Agreement, notwithstanding any other provision of this Agreement, it is acknowledged that BUYER shall not assume as a result of this transaction any liabilities of any type whatsoever that SELLER and its affiliates or divisions may have now or in the future with respect to any products that shall have been sold or business conducted by SELLER prior to, on, or after the closing date.

Based on the above, Defendants argue that Stolp cannot show one of the five exceptions to the general rule that there is no liability for an entity which purchases assets and does not assume liabilities.

However, Plaintiff responds that there are material issues of fact as to whether RTG falls within one of the exceptions to the general rule of successor liability. In this regard, Plaintiff argues that there is substantial evidence of a fraudulent transfer of the assets of Sollas Corporation. [FN6] Plaintiff also argues that "[t]here is substantial evidence that the business continuity exception applies." [FN7] (Plaintiff's Response at 17). Furthermore, Plaintiff submits that the transfer of assets from Sollas Corporation to RTG was made without adequate consideration and provisions were not made for creditors of the selling corporation, arguably another applicable exception.

FN6. Plaintiff points out that Cheatle, Jr. or RTG never applied for or received financing for the purchase of Sollas Corporation assets. In addition,

Cheatle, Jr. could not identify any actual transfers of money from RTG in accordance with the Asset Purchase Agreement. To the contrary, Plaintiff submits that Sollas Corporation money was used to pay the first $100,000 payment to Sollas Holland.

FN7. To support his contention that the continuity of business operation exception applies, Plaintiff argues the following: (1) Cheatle, Sr. testified that RTG sells to and services all the old customers of Sollas Corporation; (2) RTG continues to use the name 'Sollas' and uses the same logo; (3) RTG acquired the offices rented by Sollas Corporation in Montgomeryville, Pennsylvania; (4) RTG hired some of Sollas Corporation's key employees; and (5) RTG hired Sollas Corporation's former officer, Cheatle, Sr., as its own President. (Plaintiff's Response at 17).

*8 In Philadelphia Elec. Co. v. Hercules, Inc., 762 F.2d 303 (3d Cir.1985), cert. denied, 474 U.S. 980, 106 S.Ct. 384, 88 L.Ed.2d 337 (1985), the Third Circuit Court of Appeals agreed with the district court's ruling that the defendant was liable as the successor to the Pennsylvania Industrial Chemical Corporation ("PICC"). In doing so, the court held that, under the express terms of the Agreement and Plan of Reorganization that Hercules entered into with PICC, Hercules had assumed PICC's liabilities and that the transaction amounted to a de facto merger. Recognizing that the cases where unknown or contingent liabilities were deemed to be excluded required clear and specific language, Judge Higginbotham, Jr. concluded that the broad language used by Hercules assumed any liability PICC may have had.

The instant case is distinguishable. Here, RTG specifically provided for its non-assumption of the liability at issue in this case. See Assets Purchase Agreement, ¶ 3(c)(iv). However, the issue then arises as to whether the parties should be able to allocate liability through contractual provisions, despite any applicable exceptions to the general rule on non-liability.

In SmithKline Beecham Corp. v. Rohm & Haas Co., 89 F.3d 154 (3d Cir.1996), SmithKline Beecham Corp. ("SmithKline") filed suit against Rohm & Haas Co. ("R & H") seeking equitable apportionment of the costs of the clean-up of a contaminated site in Myerstown, Pennsylvania under the Comprehensive Environmental Response, Compensation and Liability Act ("CERCLA"), 42 U.S.C. §§ 9601-9675 (1988). Under an indemnification clause in the purchase agreement that governed the sale of its animal health products business, R & H indemnified SmithKline for all material liabilities relating to the conduct of the business prior to the first closing date. The issue on appeal was whether the contractual indemnity provisions of the purchase agreement were intended to allocate the environmental liability of the original owner of the property. The Third Circuit Court of Appeals agreed with the district court in that the purchase agreement indemnity provisions encompassed CERCLA response costs, but found that "it was not appropriate for the district court to apply the de facto merger doctrine to alter the effect of the indemnification provision" and bring CERCLA liability arising from the conduct of the original owner within the scope of the indemnity clauses of the purchase agreement. SmithKline, 89 F.3d at 163. In doing so, Circuit Judge Scirica explained that the court's holding "does not alter the general applicability of corporate successor doctrines in CERCLA contribution claims ... [b]ut where two sophisticated corporations drafted an indemnification provision that excluded the liabilities of a predecessor corporation, [the Third Circuit] will not use the de facto merger doctrine to circumvent the parties' objective intent." Id.

*9 The result in SmithKline, leads this Court to conclude that parties are able to allocate liability through contractual provisions despite the existence of one or more of the recognized exceptions to the general rule of non-liability for acquiring or successor companies, as long as the language in said provisions is clear and specific. As stated above, RTG has used such language to effectively exclude its liability from the claims asserted by Plaintiff. Accordingly, RTG's Motion for Summary Judgment is granted as

to Plaintiff's claim of successor liability.

Based on the above, Defendants' Motion for Partial Summary Judgment will be granted in all respects.

2. PLAINTIFF'S MOTION TO DISQUALIFY COUNSEL FOR DEFENDANTS

A. STANDARD

The Third Circuit has stated that a district court, in exercising its discretionary power,

> should disqualify an attorney only when it determines, on the facts of the particular case, that disqualification is an appropriate means of enforcing the applicable disciplinary rule. It should consider the ends that the disciplinary rule is designed to serve and any countervailing policies, such as permitting a litigant to retain the counsel of his choice and enabling attorneys to practice without excessive restrictions.

United States v. Miller, 624 F.2d 1198, 1201 (3d Cir.1980). "The party seeking to disqualify opposing counsel bears the burden of clearly showing that continued representation would be impermissible." Cohen v. Oasin, 844 F.Supp. 1065, 1067 (E.D.Pa.1994) (citing Commercial Credit Business Loans, Inc. v. Martin, 590 F.Supp. 328, 335-36 (E.D.Pa.1984)). However, any doubts as to the existence of a violation of the rules should be resolved in favor of disqualification. See International Business Mach. Corp. v. Levin, 579 F.2d 271, 283 (3d Cir.1978).

Rule 3.7 of the Professional Rules of Professional Conduct provides:

> (a) A lawyer shall not act as advocate at atrial in which the lawyer is likely to be a necessary witness except where:
> (1) the testimony relates to an uncontested issue;
> (2) the testimony relates to the nature and value of legal services rendered in the case; or
> (3) disqualification of the lawyer would work substantial hardship on the client.
> (b) A lawyer may act as advocate in a trial in which another lawyer in the lawyer's firm is likely to be called as a witness unless precluded from doing so by Rule 1.7 or Rule 1.9.

Rule 3.7 supersedes Disciplinary Rules 5-101(b) and 5-1012(a) of the former Pennsylvania Code of Professional Responsibility. These rules prohibited a lawyer, or the lawyers firm, from accepting employment or continuing as advocate if he or a member of his law firm "ought to be called as a witness" on behalf of the client. Therefore, in this district, the attorney or his firm had to decide whether to serve as an advocate or as a witness in a particular case. *10 It is important to note that the language of recently adopted Rule 3.7 is less restrictive than that of DR's 5-101(b) and 5-102(a). The new rule only prohibits an attorney who is a necessary witness likely to be called to testify from acting as an advocate at the trial, while it permits another attorney in the firm to continue in this role. The prohibition retained in Rule 3.7 is a clear continuation of the policy underlying DR 5-101(b) and 5-102(a): to avoid the confusion as to whether a statement by an advocate witness should be taken as proof or as analysis of the proof. Second & Ashbourne Assoc. v. Cheltenham Township, Inc., 1989 WL 8874 (E.D.Pa. Feb.2, 1989).

B. DISCUSSION

Plaintiff argues that because Fenningham was present at the May 23, 1995 meeting, he is a necessary witness under Rule 3.7 of the Pennsylvania Rules of Professional Conduct. [FN8] According to Plaintiff, Fenningham could have been intimately involved with developing a strategy to dismiss Stolp so as to try to protect all the Defendants from liability for the balance of his 2-year contract. Plaintiff adds that, at the very least, Fenningham could testify as to what was discussed at the meeting which led up to the Letter of Intent and Stolp's termination. Furthermore, Plaintiff points out that Fenningham drafted all of the asset purchase documents and is the one person familiar with when the documents were signed by each signatory, an essential and crucial part of Plaintiff's case on the issues of the conspiracy, intentional

interference with contract, successor liability and fraudulent transfer theories of Plaintiff's case. Finally, Plaintiff argues that the jury will no doubt learn that Fenningham, the trial lawyer, is the transactional attorney who drafted all of the documents at issue and, thus, he will be in a position to influence the jury as to his own credibility.

FN8. "A necessary witness is one 'who has crucial information in his possession which must be divulged.' " Vanguard Savings and Loan Assoc. v. Banks, 1994 WL 284222 (E.D.Pa. June 28, 1994).

Defendants respond that the instant motion filed by Plaintiff is nothing but a tactic to delay this case. In addition, Defendants argue that any testimony regarding when a meeting took place, who was in attendance, and what was said, could have been elicited from a representative of a party or third-party witness during discovery. As to the fact that Fenningham drafted the Asset Purchase Agreement negotiated and agreed to by the parties, Defendants submit that there is no issue of ambiguity of the terms or other issue which requires the testimony of the scrivener of the document. Thus, Defendants contend that Fenningham's testimony is merely corroborative of the chronology of the events and not necessary. Finally, to dispel any possible influence on the jury, Defendants would agree that the representatives of Defendants would not make reference to Fenningham directly as the "transactional counsel" for RTG at trial and suggest redacting the trial exhibits referring to Fenningham in connection with the asset acquisition.

In Second & Ashbourne, supra, a Pennsylvania partnership filed a civil rights action against the defendants alleging procedural and substantive due process constitutional violations and various state law violations in the review and consideration of certain land development plans. The defendants sought to disqualify Mr. Kaplin and the firm of Lesser and Kaplin as Plaintiff's counsel under Rule 3.7 of the Pennsylvania Rules of Professional Conduct due to Mr. Kaplin's personal involvement in the land development approval process on behalf of Ashbourne as one of its partners. The defendants argued that Mr. Kaplin's role in negotiating, drafting and assigning an option- purchase agreement as well as his role in the development, presentation and discussion of land development plans qualified him as a "necessary witness" for the plaintiff within the meaning of Rule 3.7. In granting the motion to disqualify Kaplin, the court held that the defendants satisfactorily demonstrated that Mr. Kaplin's testimony was necessary to prove numerous allegations in the complaint due to his central role as partner of Ashbourne and counsel to Ashbourne. Judge Newcomer further stated:

*11 If Mr. Kaplin were permitted to act as both advocate and witness it is likely a jury would not be able to separate statements he would offer as evidence. Another reason for disqualifying Mr. Kaplin as trial advocate is the prejudice that may result to opposing counsel if Mr. Kaplin enhances his credibility before the jury as an advocate by virtue of having taken an oath as a witness. Finally, it will be unfair and difficult for defendants to cross- examine a witness who is also an adversary counsel concerning matters of fact impeaching his credibility.

Id. at *2.

This Court has similar concerns regarding Mr. Fenningham's representation of Defendants at the trial of this matter. Here, Plaintiff has satisfactorily demonstrated that Mr. Fenningham's testimony will be necessary to prove certain allegations in the Complaint. However, like in Second & Ashbourne, "[t]his analysis clearly in not applicable to disqualify members of [Mr. Fenningham's] firm, [Corr, Stevens & Fenningham], from presenting the case at trial." Id. at *3. In this regard, Plaintiff has argued that a potential conflict exists that would justify disqualifying Fenningham's firm. Plaintiff suggests that, in the event that RTG is found liable for intentional interference with contract and civil conspiracy, RTG may have a cross-claim against Sollas Holland based on Oly's testimony that he never told Cheatle, Jr. of the existence of the letter allegedly employing Stolp for two years. Plaintiff adds that

because Fenningham represents both defendants in this case, he did not file such a cross-claim. However, Defendants counter that even "assuming arguendo such liability, RTG is indemnified under the Asset Purchase Agreement." (Defendants' Opposition Memorandum at 8).

Despite Plaintiff's contentions, any conflict that may exist concerning RTG's liability for intentional interference with contract and civil conspiracy is no longer an issue, as this Court has already found that Defendants are not liable to Plaintiffs under these counts in the Complaint. Under these circumstances the language of Rule 3.7(b) permits members of a firm to act as advocate at a trial in which another of the firm's lawyers is a witness.

Finally, Defendants' argue that the disqualification of Mr. Fenningham would prejudice them at this point in time. Specifically, Defendants state that "the economic burden, let alone the delay of resolution of this case, is prejudicial to Defendants at this juncture." (Defendants' Opposition Memorandum to Plaintiff's Motion to Disqualify at 5). However, nothing in this decision precludes Mr. Fenningham from further participating in all pretrial and post-trial matters on behalf of Defendants. Indeed, Mr. Fenningham will still be able to apply his knowledge of events for the benefit of the Defendants in all matters, including trial preparation and strategy. In addition, "[Mr. Fenningham] will be able to continue directing the litigation while selecting a member of his firm to present the case at trial.... Therefore, the disqualification of [Mr. Fenningham] from acting as advocate at trial will not work a 'substantial hardship' on [Defendants] within the meaning of Rule 3.7(a)(3)." Second & Ashbourne, 1989 WL 8874 at *3.

*12 Based on the above, this Court will order that Fenningham be disqualified, but his firm be allowed to continue to represent Defendants in this case.

ORDER

AND NOW, this 21st day of February, 1997, upon consideration of the pre-trial motions filed by Plaintiffs and Defendants in the above-captioned matter, it is hereby ORDERED that:

1. The Motion by Defendants Roberts Technology Group, Inc., and Sollas Holland, B.V., for Partial Summary Judgment on Plaintiff's claims of Successor Liability (Count III), Tortious Interference With Contractual Relations (Count IV), and Civil Conspiracy (Count V) is GRANTED;

2. Defendants' Motion in Limine to preclude Plaintiff from calling Counsel for Defendants, John Fenningham, Esq. ("Fenningham"), as a witness in this case is DENIED;

3. Plaintiff's Motion to Disqualify Fenningham and his firm, Corr Stevens & Fenningham, as trial counsel for Defendants is GRANTED with respect to Mr. Fenningham's participation at trial, but DENIED as far as the motion seeks disqualification of his law firm.

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Ex-V

Joseph LEBOVIC
v.
William NIGRO and Eyeglass Encounters, Inc.

No. CIV. A. 96-319.

United States District Court, E.D. Pennsylvania.

Feb. 26, 1997.

MEMORANDUM ORDER

WALDMAN.

*1 Presently before the court is plaintiff's Motion to Disqualify Thomas W. Sheridan, Esq. as Litigation Counsel for Defendants.

Plaintiff asserts that Mr. Sheridan represented defendants in the negotiation of certain agreements, the breach of which gave rise to this action. Plaintiff further asserts that "Mr. Sheridan was, at times, the sole participant in conversations with Plaintiff's counsel in the [underlying] transaction." Based on this involvement, plaintiff asserts that Mr. Sheridan should be disqualified because he is a necessary witness for the purposes of discovery and trial.

"The party seeking to disqualify opposing counsel bears the burden of clearly showing that continued representation would be impermissible." Cohen v. Oasin, 844 F.Supp. 1065, 1067 (E.D.Pa.1994) (citing Commercial Credit Business Loans, Inc. v. Martin, 590 F.Supp. 328, 335-36 (E.D.Pa.1984)). In this district, the professional conduct of attorneys is governed by the Rules of Professional Conduct as adopted by the Supreme Court of Pennsylvania. See Local.R.Civ.P. 83.6, sub-Rule IV(B); United States v. Moscony, 927 F.2d 742, 748 n. 7 (3d Cir.), cert. denied, 501 U.S. 1211, 111 S.Ct. 2812, 115 L.Ed.2d 984 (1991).

Rule 3.7 of the Rules of Professional Conduct provides in pertinent part that "[a] lawyer shall not act as an advocate at a trial in which the lawyer is likely to be a necessary witness." This Rule does not preclude an attorney from representing a client when the attorney will likely be a necessary witness, but only prevents an attorney from acting as an "advocate at trial" in such a case. Caplan v. Braverman, 876 F.Supp. 710, 711 (E.D.Pa.1995). Nothing in Rule 3.7 prevents Mr. Sheridan from representing defendants in all pretrial matters, including discovery. See Rounick v. Fireman's Fund Ins. Co., 1996 WL 269495, *1 (E.D.Pa. May 20, 1996); Caplan, 876 F.Supp. at 711 (citing cases). Moreover, plaintiff does not claim that Mr. Sheridan previously represented him or has a conflict of interest which may require immediate disqualification. Nor does plaintiff argue that Mr. Sheridan's continued participation in discovery will be prejudicial to him.

Plaintiff asserts that he plans to depose Mr. Sheridan, but this does not affect the propriety of Mr. Sheridan representing defendants in all pretrial matters. The Federal Rules of Civil Procedure do not specifically prohibit taking opposing counsel's deposition. See Fed.R.Civ.P. 30(a) (a party may take the deposition of "any person"). Taking of depositions of opposing counsel is not encouraged and is typically only permitted where a clear need is shown. See Shelton v. American Motors Corp., 805 F.2d 1323, 1327 (8th Cir.1986); Caruso v. Coleman Co., 1994 WL 613668, *1 (E.D.Pa. Nov.1, 1994). Such depositions are permitted where an attorney takes part in "significant relevant pre-litigation events and the attorney-client privilege does not apply to the testimony." Caruso, 1994 WL 613668 at *1 (citing Bogan v. Northeastern Mut. Life Ins. Co., 152 F.R.D. 9, 14 (S.D.N.Y.1993). [FN1] There is simply no reason to delay discovery in this matter or bar Mr. Sheridan from continuing to represent defendants in all pretrial matters. [FN2]

FN1. Any claim that the attorney-client privilege precludes Mr. Sheridan from providing deposition testimony while acting as defendants' counsel is meritless. The attorney-client privilege will apply to the same extent whether or not Mr. Sheridan is representing defendants at the time of his deposition.

FN2. Mr. Sheridan has represented that plaintiff is in

the process of securing trial counsel.

*2 To the extent that plaintiff seeks to preclude Mr. Sheridan from representing defendants at trial, the court cannot determine at this stage, prior to the close of discovery, whether Mr. Sheridan is likely to be a necessary witness at trial. Even plaintiff states merely that "[i]n the event that Mr. Sheridan's deposition "reveals relevant information helpful to Plaintiff, it is Plaintiff's intention to call him as a witness at trial." ACCORDINGLY, this day of February, 1997, upon consideration of plaintiff's Motion to Disqualify Thomas W. Sheridan, Esq. as Litigation Counsel for Defendants, IT IS HEREBY ORDERED that said Motion is DENIED to the extent that it seeks to preclude Mr. Sheridan from representing defendants in any pretrial matters and is otherwise DENIED without prejudice to renew prior to trial should it appear that Mr. Sheridan truly will be a necessary witness.

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Frank C. BROOKS, Jr., Plaintiff,
v.
William E. BATES, Defendant,
and
Knowledge Engineering Inc., Nominal Defendant.

No. 89 Civ. 4478 (SS).

United States District Court, S.D. New York.

April 7, 1994.

OPINION AND ORDER

SOTOMAYOR, District Judge.

*1 Defendant William E. Bates seeks to disqualify plaintiff's counsel, the firm of Chapman Moran Hubbard Glazer & Zimmerman ("Chapman Moran"), and requests leave to amend his complaint to join Chapman Moran and individual attorneys of the firm as third-party defendants. For the reasons discussed below, the defendant's motions are GRANTED in accordance with this Order.

I. BACKGROUND

The motions before me are part of a long, convoluted litigation, arising from a copyright dispute that has been in the Southern District for five years and which is unlikely to be resolved in the near future. Defendant Bates is a computer software developer who, in December 1984, began doing business in New York City under the company name of Knowledge Engineering ("KE"). Several years later, in April 1988, plaintiff Frank C. Brooks and defendant Bates formed a computer software company, named Knowledge Engineering Incorporated ("KEI"), which they incorporated in Connecticut. [FN1] The arrangement required Brooks to help finance KEI through his sales and marketing efforts. The Brooks/Bates partnership lasted barely a year and, by April 1989, the partners had a falling out and decided to dissolve KEI, although it is unclear exactly when KEI was indeed dissolved. Bates thereafter decided to continue his software development under his KE company, in New York and without Brooks.

After dissolution of their business partnership, Brooks commenced a shareholder derivative suit against Bates, alleging that Bates misapplied and wasted KEI assets and had improper dealings with KEI customers as the representative of his KE New York company. On July 5, 1989, as part of an earlier stage in this litigation, which at that time was before Judge Charles S. Haight of this Court, Brooks and the still-existing KEI corporation succeeded in securing an Order of Impoundment against Bates for certain copyrighted materials. The Order mandated Chapman Moran to hold the impounded materials in escrow until further notice from the Court. Six days later, on July 11, 1989, Judge Haight voided the Impoundment Order and in a subsequent Order held that Bates was always the proper owner of the copyrighted materials covered under the Order of Impoundment.

Relying on the Impoundment Order, Chapman Moran took possession of Bates' computer hard drives and other materials in an unannounced raid on Bates' office. As set forth in his December 23, 1992 affidavit, Brooks claims that Chapman Moran then asked him to bring a Macintosh computer to the firm's offices so that the firm's attorney's could use the computer to read and inventory Bate's impounded disks. Id. Brooks assisted Brian Moran, a partner at Chapman Moran, with this process by installing the hard drives onto his Macintosh computer and preparing an inventory.

Brooks contends that, while reviewing the impounded materials, he found a revision of a KEI computer program source code and various business correspondence, which he considered to be his property as a KEI incorporator. He was concerned that this material did not have a back-up copy so he stored the latest revision of KEI's source code and other materials from the impounded disk onto his Macintosh computer's hard drive. When the inventory of impounded material was completed, Brooks left with the Macintosh

computer and the back-up of the KEI source code and business records. Brooks claims he acted alone in creating the back-up file and did not tell anyone at Chapman Moran about his copying of the KEI source code and business records. See December 23, 1992, Affidavit of Frank C. Brooks.

*2 The actions of Brooks and Chapman Moran and the events following the issuance of the Impoundment Order are the basis for Bates' instant request for disqualification and leave to amend. Bates claims it was not until over two years after the impoundment, on or about February 24, 1992, that he learned of Brooks' access to the impounded materials back in 1989. Bates maintains that he first learned of the access in 1992 when documents uncovered during discovery in the instant action revealed that two days after the impoundment Brooks sent, via facsimile, copies of routine business letters from Bates to Chapman Moran. Bates alleges that these documents were taken from the impounded materials, and as proof of this claim he asserts that the documents included a draft press release, issued by Brooks at the MacWorld Expo Trade Show in Boston, announcing the sale by Brooks of JustText 1.2, a program that was part of the impounded materials. Bates has also submitted an affidavit by one of his competitors which states that Brooks offered to provide him with copies of Bates' source code.

Upon learning of this misappropriation and misuse of his property, Bates moved to disqualify Chapman Moran as counsel in this litigation because, according to Bates, the firm's members were obviously involved in a conspiracy with plaintiff Brooks to procure Bates' trade secrets. Thus, Bates contends that there is an unresolvable conflict of interest in Chapman Moran's continued representation of plaintiff Brooks. Bates also moved to amend his complaint to include the firm and several of its members as third-party defendants based on their conduct in permitting Brooks access to the impounded materials.

II. MOTION TO DISMISS COUNSEL

Defendant Bates maintains that the Court must order the removal of Chapman Moran and two of the firm's members, John Haven Chapman and Victor L. Zimmerman, Jr., as plaintiff's counsel because of the conflict arising from their representation of three adverse parties in the instant litigation. Bates argues that since Chapman Moran is the attorney of record in this litigation for KEI, the corporate nominal defendant, and also represents plaintiff Brooks in his personal capacity, there is a conflict between clearly divergent interests. [FN2]

In addition to the conflict arising from the presentation of multiple-parties, Bates further claims that Chapman Moran must be disqualified because members of the firm illegally and unethically collaborated with Brooks, deliberately giving him access to the impounded materials and then affirmatively concealing this information from Bates and the Court. The goal of the conspiracy being, according to Bates, to put him out of business and secure access to his computer programs in order for Brooks to gain a substantial economic benefit.

The question of whether to disqualify counsel is solely within the Court's discretion. Fund of Funds Ltd. v. Arthur Anderson & Co., 567 F.2d 225 (2d Cir.1977); United States v. Perlmutter, 637 F.Supp. 1134, 1137 (S.D.N.Y.1986) (citation omitted). In assessing the propriety of disqualification based on counsel's conduct, I note that there is no express statutory duty applicable to professional misconduct cases. Nevertheless, federal courts have frequently relied on the New York Code of Professional Responsibility ("N.Y.Code"), N.Y.JUD.LAW app. (McKinney's (1992)), [FN3] the American Bar Association Model Code of Professional Responsibility (1981) ("ABA Code") and the American Bar Association Model Rules of Professional Conduct (1991) ("ABA Rules") in addressing issues of disqualification and potential counsel malfeasance. It is the judicial interpretations of these rules and notions of professional conduct, as well as the directives contained in the professional rules themselves, which guide my decision in this

case to grant the request for disqualification.

*3 In this Circuit, disqualification is appropriate in limited circumstances, and rarely is such a harsh remedy invoked against counsel. Disqualification, however, is condoned,

> where an attorney's conflict of interests in violation of Canons 5 and 9 of the Code of Professional Responsibility[ ] undermines the court's confidence in the vigor of the attorney's representation of his client,....

Board of Educ. of N.Y.C. v. Nyquist, 590 F.2d 1241, 1246 (2d Cir.1979) (footnote omitted) (citations omitted).

The Second Circuit has held that disqualification is mandatory where there is a high potential for conflicting loyalties and where conflict might taint a trial by affecting an attorney's presentation of a case. Armstrong v. McAlpin, 625 F.2d 433, 444 (2d Cir.1980), vacated on other grounds, 449 U.S. 1106, 101 S.Ct. 911, 66 L.Ed.2d 835 (1981). In the instant case, Chapman- Moran's position as a third-party defendant, in accordance with my discussion as set forth below, renders the firm's untainted representation of its clients dubious.

The most compelling basis for disqualification is that it is likely, if not certain, that members of Chapman Moran will testify adversely to Brooks in this action about Brooks' access to Bates' materials, creating a conflict situation explicitly disfavored by the professional codes and the courts. The ABA Code and Rules condemn combining the role of lawyer and witness in a client's litigation, except in certain limited situations, none of which are applicable to this case. Specifically, Disciplinary Rule 5-102, under Canon 5 of the ABA Code, directs an attorney to withdraw from the trial, and the attorney's firm to terminate representation, once the attorney learns, or it is obvious, that the lawyer or another lawyer in the firm will be called as a witness on behalf of the client, or if not on behalf of the client if the testimony "is or may be prejudicial to [the] client." [FN4] ABA Rule 3.7 also prohibits an attorney from serving at a trial in which it is likely that the lawyer will "be a necessary witness...." [FN5] See also Bass Public Ltd. Co. v. Promus Co. Inc., No. 92 Civ. 0969, 1994 WL 9680, at *8 (S.D.N.Y. Jan. 10, 1994) (lawyers may be properly disqualified where their "knowledge is highly relevant and peculiarly in [their] possession") (citation omitted).

Disqualification is clearly warranted here where the testimony of Chapman Moran's attorneys is a critical issue in Bates' case. The testimony is necessary in order to establish the alleged improper access to and procurement of the copyright registration of Bate's work. Obviously, such testimony is directly prejudicial to Chapman Moran's client, Brooks. In fact, the purpose of such testimony is to establish Brooks' misconduct.

Moreover, because I am permitting plaintiff to add the firm as a third-party defendant, the firm's position as counsel is compromised by its representation of three adverse parties, including itself, in the same litigation. Such representation would be in direct contravention of one of the highest duties an attorney bears to a client: to "represent a client zealously." See ABA Code Canon 7. I am not convinced that in this case, under these facts, Chapman Moran can fulfill its professional responsibility without endangering the position of its clients since, as a defendant in this case, Chapman Moran must seek to absolve the firm and its members from any liability related to plaintiff's copying of the impounded materials.

*4 To allow Chapman Moran's representation of Brooks and KEI to continue not only threatens the individual attorney-client relationship, but also compromises time-honored notions of legal professional conduct and behavior. Canon 9 of the ABA Code firmly states that attorneys "should avoid even the appearance of professional impropriety" in order to "promote public confidence in our system and in the legal profession." See ABA Code, Canon 9, Ethical Consideration 9-1. Attorneys should "strive to avoid not only professional impropriety but also the appearance of professional impropriety." Ethical Consideration 9-6. Bates' allegations

that Chapman Moran, as counsel to KEI, gave Brooks access to the impounded information, certainly suggests, at least, an appearance of impropriety and a violation of professional tenets. In addition, representation of multiple parties, with adverse interests, in the same litigation, presents more than a mere appearance of a conflict. [FN6]

Here, the fact that the attorney's conduct tends to "taint the underlying trial," and that there exists at a minimum an appearance of impropriety, are sufficient bases for disqualification. While I recognize the rarity of such judicial action, and the exceptional character of such a remedy, "[t]he Courts have not only the supervisory power but the duty and responsibility to disqualify counsel for unethical conduct prejudicial to [the attorney's] adversaries." Ceramco v. Lee Pharmaceutical, 510 F.2d 268, 271 (2d Cir.1975).

Further, Rule 1.16 of the ABA Code addresses directly the issues presented in the instant motion and likewise supports my decision to disqualify counsel in this case. That Rule requires that "a lawyer shall withdraw from the representation of a client if the client has used the lawyer's services to perpetrate a fraud or criminal activity." Since Chapman Moran's defense to Bates' allegations of collusion and conspiracy is the innocence of the firm and its members, which defense must, at a minimum, insinuate that Brooks' acted improperly, the continued representation of Brooks' by Chapman Moran would be in direct violation of Rule 1.16.

For the foregoing reasons, Bates' motion to disqualify Chapman Moran as counsel in this case is granted. [FN7]

III. LEAVE TO AMEND THE COMPLAINT

Federal Rule of Civil Procedure 15 recognizes that "leave [to amend a pleading] shall be freely given when justice so requires." Fed.R.Civ.P. 15(a). See also Day v. Morgenthau, 909 F.2d 75, 78-79 (2d Cir.1990), cert. denied, 506 U.S. 821, 113 S.Ct. 71 (1992) (leave to amend a complaint shall be freely granted). Pro se litigants are given even greater flexibility in drafting their pleadings, so that permission to amend should be granted "fairly freely." Satchell v. Dilworth, 745 F.2d 781, 785 (2d Cir.1984). A pro se litigant "should be afforded every reasonable opportunity to demonstrate that [the litigant] has a valid claim." Id. (quoted in Bobal v. Rensselaer Polytechnic Institute, 916 F.2d 759, 762 (2d Cir.1990), cert. denied, 499 U.S. 943, 111 S.Ct. 1404, 113 L.Ed.2d 459 (1991)). Despite the apparent predisposition in Rule 15 and the decisions of this Circuit favoring granting a request to amend, the courts do not have carte blanche to automatically grant an amendment. The court may deny a request where the amendment would be futile, as in the case where the amended pleading fails to state a claim. Foman v. Davis, 371 U.S. 178, 182, 83 S.Ct. 227, 230, 9 L.Ed.2d 222 (1962); Manson v. Stacescu, 11 F.3d 1127, 1133 (2d Cir.1993); Longo v. Shore & Reich, Ltd., No. 90 CIV. 6905, 1993 WL 437773, at *1 (S.D.N.Y. Oct. 25, 1993) (citation omitted); Santiago v. Steinhart, No. 89 Civ. 2069, 1993 WL 410402, at *2 (Oct. 13, 1993). However, it is within the discretion of the district court to allow the amendment once the proposed amended claims satisfy this threshold viability requirement. See Paliaga v. Luckenbach S.S. Co., 301 F.2d 403, 410 (2d Cir.1962) (district court has discretion to consider or dismiss a third-party complaint).

*5 In deciding whether Chapman Moran should be added as a third party, I note that joinder of the firm would consolidate and facilitate closure of the various claims, based on the Brooks/Bates business relationship, in one action, rather than burdening the parties and this Court with several mini-actions. Moreover, Chapman Moran should be joined in the proposed third-party complaint because without the firm, "complete relief cannot be accorded among those already parties," within the meaning of Fed.R.Civ.P. 19. Joinder, thus, serves the ends of expeditious resolution of this litigation and judicial economy.

As a preliminary matter, I am unpersuaded by plaintiff's objections to Bates' motion that the motion is untimely. A party may amend

its pleading at any time before service of a responsive pleading, or if no responsive pleading is permitted, within 20 days after it is served. Fed.R.Civ.P. 15(a). Once the time for amending the pleading has passed, a party may amend by leave of the court or upon consent of the parties. Id. It is true that Bates did not file his motion to amend until December 10, 1992, almost a year after the defendant was first permitted to amend his complaint and more than six months after the answer was filed. Bates, however, contends that prior to discovery in 1992 he had no knowledge of the conduct which is now the basis for his claims, and that he did not have grounds to amend the complaint until he learned that Chapman Moran may have abused the impoundment process under the copyright law by giving Brooks access to the impounded materials, which resulted in the offer by Brooks of Bates' trade secrets to a Bates competitor.

Even when a party delays in the submission of the request to amend, if a defendant's delay is based on surprise, and the underlying action will not be unduly delayed or complicated because all the parties and claims will be resolved in one action, the motion to amend should be granted. See e.g., Mutual Life Assur. Co. v. Arthur Anderson, 65 F.R.D. 518, 522 (S.D.N.Y.1975) (third-party complaint filed three years after the filing of an answer allowed on grounds that it would not cause unreasonable delay). There is no dispute here that Bates was unaware of Brooks' access to the impounded material until shortly before he made his motion to amend and I am convinced that leave to amend should not be denied with respect to potentially viable claims arising from this new information.

IV. THE THIRD-PARTY CLAIMS

In order to determine whether inclusion in this action of Bates' proposed claims would be otherwise futile, I will, however, also decide whether the allegations in the proposed amended complaint state a claim upon which relief may be granted, including whether the claims themselves are time-barred. After careful consideration of Bates' claims and the responding papers, I am persuaded that Bates has sufficiently set forth allegations, at this preliminary stage, in support of the majority of his claims and he should be allowed to amend his complaint to add most of his claims.

1. Wrongful Attachment

*6 Bates claims that his property was wrongfully attached as a result of the Order of Impoundment. A United States marshal seized Bates' property, the computer material, and then turned it over to Chapman Moran. The Copyright Rules of Procedure, 35 Stat. at 1082 (1992), authorize a marshal to keep seized property in the marshal's possession, in a secure place, subject to the order of the court, Warner Bros. Inc. v. Dae Rim Trading Inc., 877 F.2d 1120, 1123 (2d Cir.1989), and 17 U.S.C. § 503 (1993) authorizes the court to order impoundment on "such terms as it deems reasonable." The impoundment by the marshal and ultimate placement of the materials in the possession of Chapman Moran was done in furtherance of Judge Haight's Order, an Order whose terms were clearly within the authority of the Court. Bates has, therefore, failed to allege a viable claim on this cause of action and leave to amend his complaint to plead this cause of action is denied. [FN8]

2. Negligence and Professional Malpractice

In response to a pending claim in this litigation, wherein Brooks accuses Bates of breaching his duties of fidelity and loyalty to KEI, Bates implicates the incorporator of "KEI", proposed third-party defendant Victor L. Zimmerman, and asserts that Zimmerman committed negligence and professional malpractice. Bates claims that Zimmerman: 1. failed to provide him with any notification that Bates was elected a KEI director; 2. failed to reply to Bates' written inquiry as to who were the directors; 3. failed to file a "Notice of Election or appointment of Officer/ Director" with the Office of the Secretary of Connecticut, announcing his director position; and 4. failed to call for an organizational meeting, in violation of the Connecticut Stock Corporation Law at § 33-294, thus concealing

Bates' status as a director from him. Bates contends that if he had known he was a director of KEI, he would have obtained other counsel and made certain that KEI was properly dissolved before continuing in business with KE.

Bates argues that as a result of Zimmerman's inactions, two distinct injuries have occurred. First, KEI has been harmed as a result of Bates' breach of his duties of loyalty and fidelity to KEI when he dealt with KEI customers in his capacity as sole shareholder of KE. Second, there is direct injury to him if a judgment is rendered against him on the aforementioned breach of fiduciary duty claim by Brooks.

Brooks and Chapman Moran argue that the claims are time-barred by the three year statute of limitations applicable to attorney malpractice claims. A claim for attorney malpractice under New York law accrues when the malpractice occurs, except that the statute of limitations may be tolled until the attorney ceases to represent the client on the matter in which the alleged malpractice occurred. Green v. Green, 56 N.Y.2d 86, 94, 436 N.E.2d 496, 500, 451 N.Y.S.2d 46, 50 (1982); Lazzaro v. Kelly, 87 A.D.2d 975, 450 N.Y.S.2d 102 (4th Dept.1982), aff'd 57 N.Y.2d 630, 439 N.E.2d 868, 454 N.Y.S.2d 59 (1982); Siegel v. Kranis, 29 A.D.2d 477, 288 N.Y.S.2d 831 (2d Dept.1968). Connecticut recognizes that a legal malpractice claim accrues on the "date of the act or omission complained of, ..." Redden, 1994 WL 76807 at *4 (quoting Connecticut statute of limitations, General Statutes § 52-577).

*7 Even the most favorable reading of Bates' allegations, and assuming those allegations are true for purposes of this motion, compels me to conclude that Bates' attorney malpractice claims under either New York or Connecticut's statutes of limitations are time-barred. Although it is not clear when the malpractice occurred or when the Chapman Moran attorney-client relationship terminated, I must assume, at the very least, that Bates recognized the malpractice and termination of the attorney-client relationship once Brooks, with the assistance of the firm, commenced legal action against him, upon the filing of the instant complaint on June 27, 1989. Bates filed the instant motion, raising the malpractice claim for the first time, on December 10, 1992, almost six months after the three year statute of limitations had run. Although Bates has fashioned his allegations to include some separate claim against the firm for negligence, "the remedy for an attorney's professional negligence is a suit for malpractice." Inryco Inc. v. Metropolitan Eng'r Co. Inc., 708 F.2d 1225, 1235 (7th Cir.1983).

Nevertheless, assuming that Bates' assertions were construed as a separate negligence claim, such a claim is premature. Under both New York and Connecticut law, a cause of action for negligence must be filed within three years of when an injury occurs. C.P.L.R. § 214(6); Redden v. Ebenstein & Ebenstein, No. CV 92 0517867S, 1994 WL 76807, *3 (Conn.Super.Ct. Feb. 23, 1994) (negligence becomes actionable when the party suffers some legally injurious consequence as a result of the negligence); Triangle Underwriters Inc. v. Honeywell Inc., 604 F.2d 737 (S.D.N.Y.1979), citing Schwartz v. Heyden Newport Chemical Corp., 12 N.Y.2d 212, 188 N.E.2d 142, 237 N.Y.S.2d 714 (1963), cert. denied, 347 U.S. 808 (1963) (a cause of action for negligence accrues, for statute of limitations purposes, when acts constituting negligence produce injury), aff'd on other grounds, 651 F.2d 132 (2d Cir.1991). A negligence claim requires that a breach of a professional standard of care occurs which is the proximate cause of the injuries suffered by the complainants. Somma v. Gracey, 15 Conn.App. 371, 374-75, 544 A.2d 668 (1988); Cotroneo v. Von Schilling, No. CV 91 0117356, 1994 WL 16510, *3 (Conn.Super.Ct. Jan. 5, 1994). As KEI counsel, Zimmerman certainly may have had a professional duty to Bates which may have been violated if Bates' allegations are true. Bates has admitted, however, that as yet he has not suffered any injury as a result of the alleged lack of notification of his director status and that any injury is purely contingent upon a judgment against him from this Court on Brooks' claims. See Defendant's Reply Memorandum

at p. 3. If Bates is found liable, at that time, not now, his injuries will be the proximate result of Chapman Moran's breach of their professional standard of care. For these reasons, leave to amend to add a cause of action for malpractice or negligence is denied.

3. Common Law Fraud

*8 Bates also asserts various fraud claims against the firm and its members, in particular Zimmerman. The premise of Bates' allegations is that Brooks and Chapman Moran collaborated in their efforts to establish KEI for the purpose of stealing Bates' intellectual property. In furtherance of that purpose, Bates claims that Chapman Moran and Zimmerman falsified documents, such as back-dating checks and a General Resolution of KEI signed by Bates. Bates also claims that Zimmerman made a knowing misrepresentation of material fact when he signed documents attesting that an organizational meeting of KEI was held on December 5, 1989, and when he asked Bates to sign a Subchapter S election and told him that there were no potential implications in signing this document. Bates maintains that Zimmerman had a duty to advise him and recommend to him that he seek independent counsel.

A claim of fraud may be based on affirmative false statements when: 1. a false representation is made as a statement of fact; 2. the representation is untrue and known to be untrue by the party making it; 3. the representation is made to induce the other party to act on the representation; and, 4. the party acts on it to [that party's] injury. Kilduff v. Adams, Inc., 219 Conn. 314, 327, 593 A.2d 478, 485 (1991). An omission may also constitute actionable fraud if there was an "affirmative duty to disclose the fact at issue." Chiarella v. United States, 445 U.S. 222, 228, 100 S.Ct. 1108, 1114, 63 L.Ed.2d 348 (1980); Shea v. Angulo, No. 93 Civ. 4716, 1993 WL 498013 *4 (S.D.N.Y. Nov. 29, 1993).

Zimmerman, as counsel to KEI, may have had a duty to disclose all relevant information to Bates, a majority shareholder in KEI. Zimmerman's failure to alert Bates of the legal ramifications of signing the Subchapter S election may also constitute a fraudulent omission, with injury to Bates if he signed away rights to his company as a result of signing the IRS document. Thus, Bates may have a viable claim for common law and he should have the opportunity to develop this claim.

4. Fraud on the Copyright Office [FN9]

Bates alleges that the applications for copyright registrations, submitted to the Copyright Office by Chapman Moran partner John Haven Chapman, and signed by Brooks, contained two misrepresentations of material fact which facilitated Brooks' acquisition of Bates' trade secrets. The first misrepresentation was that Brooks was entitled to the works as a result of a "transfer of all rights by author," and, second, that Brooks was authorized to use the name KE, Bates' New York company name. Bates contends that as a result of the fraudulent procurement of the copyright registrations, KEI improperly acquired ownership of Bates' works for a period of almost two and a half years, from the time the copyright registrations were granted in June 1989 until Judge Haight invalidated the copyright registrations in November 1991. Brooks claims that since this matter was resolved by Judge Haight's November 26, 1991 opinion, invalidating the copyright registrations in KEI's name, and that Bates has no further remedy in this Court.

*9 The invalidation of the copyrights in question is an appropriate remedy for a misrepresentation to the Copyright office. See Whimsicality, Inc. v. Rubie's Costume Co. Inc., 891 F.2d 452, 456 (2d Cir.1989) (bad faith misrepresentation made to copyright office rendered copyright registration invalid). It is undisputed that Bates secured this relief with the issuance of Judge Haight's November Order. However, since Bates may be entitled to recover either actual damages suffered and profits or, statutory damages pursuant to 17 U.S.C. § 504 (1993), Bates has sufficiently stated a claim for such damages. See e.g.,

United States Naval Inst. v. Charter Comm. Ins., 936 F.2d 692, 694 (2d Cir.1991) (actual damages granted in copyright infringement action for breach of exclusive licensing agreement). There is, moreover, nothing before the Court that suggests that Judge Haight addressed the issue of damages. Therefore, there is no law of the case on this question and leave to amend is granted on this claim. [FN10]

5. Fraud upon the Court

Bates has set forth further allegations of intentional fraud committed by John Haven Chapman before this Court. According to Bates, at an in camera hearing on June 28, 1989, Chapman made fraudulent misrepresentations before Judge Haight in order to secure the issuance of the Impoundment Order. According to Bates, Chapman told Judge Haight that Bates was an employee of Brooks' corporation, that Bates stole the items in question from the firm's Connecticut offices and that the intellectual property was misappropriated and in imminent danger of compromise. He further alleges that Chapman misled Judge Haight to believe that KEI and KE were the same entities. In addition, Bates claims that in order to secure a lower cost bond at $10,000 Brooks misrepresented, in his supporting affidavit on the instant motion, the value of Bates' intellectual property at only $5,000, instead of the actual value which Bates alleges is $650,000.

It is undisputed that Judge Haight vacated the Impoundment Order and later held that Bates was the true owner of the materials, thus, relieving Bates of the burden of the original order. However, since Bates may have suffered damages as a result of Brooks' misappropriation of his material, he may assert claims based on the wrongful appropriation of his property by the use of a fraudulently obtained order. Therefore, Bates may amend to include this claim as well. [FN11]

6. Abuse of Process

Bates further claims that the actual nefarious purpose of the impoundment was to acquire his trade secrets and shut down Bates' business in order to deprive him of any future income. Moreover, by seizing the computer disks, and all copies thereof, including the internal hard disks of his computer, Bates alleges that Brooks and his attorneys sought to deprive him of his business records and correspondence, many of which were also vital to his defense of the present action.

A claim of abuse of process requires that the legal process was used "in an improper manner or to accomplish a purpose for which it was not designed." O'Rourke v. Trusthouse Forte Food Services, Inc., No. Civ. 91 0118880, 1993 WL 104427, at *2 (Conn.Super. March 25, 1993) (quoting Mozzochi v. Beck, 204 Conn. 490, 494, 529 A.2d 171 (1987)). The misuse or misapplication of process occurs when it is used "for an end other than that which it was designed to accomplish." Id. at *2 (quoting Prosser & Keeton, Torts § 121, p. 897 (5th Ed.1984)). Bates has sufficiently alleged that the Order of Impoundment was used solely for improper ends. He may also amend to include this claim.

7. Wrongful Delivery

*10 As already noted, Bates has set forth allegations that Brooks gained access to the impounded materials in direct violation of the Order of Impoundment. These allegations are sufficient to support his claim against Chapman Moran that it knew and/or facilitated the wrongful possession of the materials. Therefore, asserting this claim is not futile and will be permitted at this time.

8. Interference with Contract

Bates also alleges that in December 1987 he granted a non-exclusive license to a Michigan corporation, known as Lorenz Management Systems, Inc. ("Lorenz"), to sell and pay him for copies of his JustText program. Bates contends that Brooks and Chapman Moran wrongfully informed the President of Lorenz that Bates was no longer the copyright owner of JustText and that payment should be

remitted to Brooks' KEI corporation, rather than to Bates. As a direct result of this misrepresentation, Lorenz refused to pay Bates. Although Bates eventually settled with Lorenz, Bates claims that he agreed to less than the full amount of his losses.

The elements of an action for tortious interference with a contract are: 1. proof that a contract or beneficial relationship existed; 2. the defendant knew of this relationship and intentionally tried to interfere with it; and 3. as a result of the interference, plaintiff suffered an actual loss. Stripling v. Fleet Nat'l. Bank, No. 52 16 61, 1993 WL 451412, at *1 (Conn.Super. Oct. 22, 1993). A person interferes with a contract if the person engages in "improper conduct." Id. at *2.

Bates' allegations sufficiently set forth a claim in satisfaction of these three requirements. First, Bates alleges that he and Lorenz had an agreement for payment. Second, he claims that Brooks and his counsel made material misrepresentations, knowing them to be false, to Lorenz, and thereby sought payment for KEI instead of Bates. Third, despite the settlement with Lorenz, Bates claims that there remain outstanding losses caused by the misrepresentation. It is of no consequence that Bates and Lorenz eventually settled since a general release executed in a settlement contract does not bar suit on claims unrelated to the settlement. Bellefonte Ins. Co. v. Argonaut Ins. Co., 757 F.2d 523 (2d Cir.1985). Since Bates seeks redress for Brooks and Chapman Moran's misrepresentation, and not for any claims arising from his settlement with Lorenz, the settlement does not bar his instant claims. [FN12]

In summary, Bates is granted leave to amend to set forth those claims permitted in accordance with this Opinion. Granting leave to amend, however, is not tantamount to a decision on the merits of Bates' claims or a suggestion that these claims will eventually succeed. Rather, all I decide in this Order is that Bates has stated sufficient allegations in support of his request to amend so that, at this time, it appears that he indeed states certain potentially viable claims. Thus, leave to amend should be granted to avoid improper and premature preclusion of potentially meritorious claims. Cf. Zola v. Merrill Lynch, No. 84 Civ. 8522-CS4, 1987 WL 7742, at *5 (S.D.N.Y.1987) (to comply with Fed.R.Civ.P. 9(b), plaintiff should be allowed to replead a cause of action in order to avoid preclusion of a possibly meritorious claim).

IV. CONCLUSION

*11 For the foregoing reasons the defendant's motions for disqualification and joinder of the firm of Chapman Moran as third-party defendants are GRANTED. Leave to amend the Complaint in accordance with this Opinion is GRANTED. Service of the amended complaint should be accomplished within 25 days, a copy of which should be mailed to Brooks at his New York address. Furthermore, Brooks has 60 days to obtain new counsel. A conference is scheduled for July 27, 1994, at 4:45 pm, at which time the parties should be prepared to discuss any remaining discovery issues and present a new case management plan.

SO ORDERED.

FN1. At my March 11, 1993 bench conference with the parties I held that KEI was a properly formed Connecticut corporation.

FN2. Although KEI is a named defendant in the instant action, there are no claims set forth in the complaint against the corporation.

FN3. The New York State Bar Association adopted whole the New York State Code of Professional Responsibility from the American Bar Association Code of Professional Responsibility, effective January 1970. The code sections and the language therein are exactly those contained in the ABA Code and, therefore, my discussion of the ABA Code provisions apply equally with respect to the New York Code.

FN4. The exceptions to this Rule are limited and do not apply in this case. See ABA Code of Professional Responsibility, Disciplinary Rules 5-102, 5-101(B)(1)-(4).

FN5. The exceptions to ABA Rule 3.7 are similar to those set forth in ABA Code Disciplinary Rule 5-101(B)(1), (3)-(4), and do not apply here.

FN6. Although courts are hesitant to disqualify attorneys solely on Canon 9 grounds, Bennett Silvershein Assoc. v. Furman, 776 F.Supp. 800, 806 (S.D.N.Y.1991), the instant action does not turn on the existence of a mere appearance of impropriety without more. Assuredly, Chapman Moran's continued representation of Brooks, KEI, and the firm and its members--all parties with conflicting interests--will affect the outcome of this case. I cannot ignore that it is both a duty and "a necessity to nip [this unprofessional conduct] in the bud." Board of Educ. of N.Y.C. v. Nyquist, 590 F.2d 1241, 1246 (2d Cir.1979).

FN7. Additional delay in this already long-delayed action which may result from having to replace counsel is insignificant and outweighed by the need to resolve the obvious conflict of interest.

FN8. Bates also argues that pursuant to Fed.R.Civ.P. 65, he was entitled to notice prior to the raid on his house. No preliminary injunction or temporary restraining order was issued in conjunction with the Order of Impoundment. Therefore, the provisions of Rule 65 requiring notice do not apply.

FN9. Bates characterizes John Haven Chapman's misconduct in providing false information to the copyright office as "fraud on the U.S. Copyright Office." To avoid confusion, I accept and adopt this description of his claim.

FN10. Bates has also requested that this Court impose Rule 11 sanctions against Brooks and Chapman Moran for their unlawful conduct in the original copyright claim before Judge Haight. Rule 11 sanctions are unwarranted at this time in the case and the motion is denied.

FN11. As noted previously, Brooks and Chapman Moran's objections to the fraud claims as time-barred are without merit. Under New York law an action based upon fraud must be commenced within six years from when the fraud was discovered. N.Y.Civ.Prac.L. & R. § 213(8) (McKinney 1993), and under Connecticut law the three year statute does not accrue until the person first discovered the existence of his cause of action. Conn.Gen.Stat. §§ 52-584, 52-595 (1994). Bates' fraud claims were discovered and filed in 1992, well within both limitations periods.

FN12. Bates' claims for abuse of process, wrongful delivery and interference with a contract, although subject to different limitations periods, are not barred by the respective statutes of limitations. Bates maintains that by deliberately seeking to "quash discovery," Chapman Moran hoped to conceal information from Bates that his sources codes had been misappropriated. Viewing Bates' claim in the light most favorable to the moving party, as I must, see Santiago v. Steinhart, No. 89 CIV. 2069, 1993 WL 410402 at *1-2 (S.D.N.Y. Oct. 13, 1993), I assume that Bates' claims are true and that Chapman Moran fraudulently concealed information concerning Bates' claims against the firm.
Under both Connecticut and New York law, the fraudulent concealment of a cause of action accrues until the time the person entitled to sue thereon first discovers its existence. See Conn.Gen.Stat. § 52-595 (1994); Stone v. Williams, 970 F.2d 1043, 1048 (2d Cir.1992); Clark v. United States, 481 F.Supp. 1086, 1095 (S.D.N.Y.1979). In order to establish fraudulent concealment, Bates must show that he was ignorant of his right of action, that Chapman Moran intended that he be kept ignorant and that Chapman Moran committed an affirmative act of concealment. See Hamilton v. Smith, 773 F.2d 461, 468 (2d Cir.1985) (setting forth the elements of fraudulent concealment under Connecticut law). Bates allegations certainly satisfy these requirements and survive a prima facie challenge.

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CERTIFICATE OF SERVICE

I hereby certify that two true and correct copies of the foregoing were served this 18th day of September, 1998 on counsel of record in the manner indicated:

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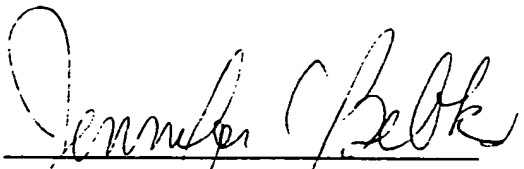

Jennifer C. Bebko (#3689)

Ex-W

Frank C. BROOKS, Jr., Plaintiff,
v.
William E. BATES, Defendant,
and
Knowledge Engineering Inc., Nominal Defendant.

No. 89 Civ. 4478 (SS).

United States District Court, S.D. New York.

April 7, 1994.

OPINION AND ORDER

SOTOMAYOR, District Judge.

*1 Defendant William E. Bates seeks to disqualify plaintiff's counsel, the firm of Chapman Moran Hubbard Glazer & Zimmerman ("Chapman Moran"), and requests leave to amend his complaint to join Chapman Moran and individual attorneys of the firm as third-party defendants. For the reasons discussed below, the defendant's motions are GRANTED in accordance with this Order.

I. BACKGROUND

The motions before me are part of a long, convoluted litigation, arising from a copyright dispute that has been in the Southern District for five years and which is unlikely to be resolved in the near future. Defendant Bates is a computer software developer who, in December 1984, began doing business in New York City under the company name of Knowledge Engineering ("KE"). Several years later, in April 1988, plaintiff Frank C. Brooks and defendant Bates formed a computer software company, named Knowledge Engineering Incorporated ("KEI"), which they incorporated in Connecticut. [FN1] The arrangement required Brooks to help finance KEI through his sales and marketing efforts. The Brooks/Bates partnership lasted barely a year and, by April 1989, the partners had a falling out and decided to dissolve KEI, although it is unclear exactly when KEI was indeed dissolved. Bates thereafter decided to continue his software development under his KE company, in New York and without Brooks.

After dissolution of their business partnership, Brooks commenced a shareholder derivative suit against Bates, alleging that Bates misapplied and wasted KEI assets and had improper dealings with KEI customers as the representative of his KE New York company. On July 5, 1989, as part of an earlier stage in this litigation, which at that time was before Judge Charles S. Haight of this Court, Brooks and the still-existing KEI corporation succeeded in securing an Order of Impoundment against Bates for certain copyrighted materials. The Order mandated Chapman Moran to hold the impounded materials in escrow until further notice from the Court. Six days later, on July 11, 1989, Judge Haight voided the Impoundment Order and in a subsequent Order held that Bates was always the proper owner of the copyrighted materials covered under the Order of Impoundment.

Relying on the Impoundment Order, Chapman Moran took possession of Bates' computer hard drives and other materials in an unannounced raid on Bates' office. As set forth in his December 23, 1992 affidavit, Brooks claims that Chapman Moran then asked him to bring a Macintosh computer to the firm's offices so that the firm's attorney's could use the computer to read and inventory Bate's impounded disks. Id. Brooks assisted Brian Moran, a partner at Chapman Moran, with this process by installing the hard drives onto his Macintosh computer and preparing an inventory.

Brooks contends that, while reviewing the impounded materials, he found a revision of a KEI computer program source code and various business correspondence, which he considered to be his property as a KEI incorporator. He was concerned that this material did not have a back-up copy so he stored the latest revision of KEI's source code and other materials from the impounded disk onto his Macintosh computer's hard drive. When the inventory of impounded material was completed, Brooks left with the Macintosh

computer and the back-up of the KEI source code and business records. Brooks claims he acted alone in creating the back-up file and did not tell anyone at Chapman Moran about his copying of the KEI source code and business records. See December 23, 1992, Affidavit of Frank C. Brooks.

*2 The actions of Brooks and Chapman Moran and the events following the issuance of the Impoundment Order are the basis for Bates' instant request for disqualification and leave to amend. Bates claims it was not until over two years after the impoundment, on or about February 24, 1992, that he learned of Brooks' access to the impounded materials back in 1989. Bates maintains that he first learned of the access in 1992 when documents uncovered during discovery in the instant action revealed that two days after the impoundment Brooks sent, via facsimile, copies of routine business letters from Bates to Chapman Moran. Bates alleges that these documents were taken from the impounded materials, and as proof of this claim he asserts that the documents included a draft press release, issued by Brooks at the MacWorld Expo Trade Show in Boston, announcing the sale by Brooks of JustText 1.2, a program that was part of the impounded materials. Bates has also submitted an affidavit by one of his competitors which states that Brooks offered to provide him with copies of Bates' source code.

Upon learning of this misappropriation and misuse of his property, Bates moved to disqualify Chapman Moran as counsel in this litigation because, according to Bates, the firm's members were obviously involved in a conspiracy with plaintiff Brooks to procure Bates' trade secrets. Thus, Bates contends that there is an unresolvable conflict of interest in Chapman Moran's continued representation of plaintiff Brooks. Bates also moved to amend his complaint to include the firm and several of its members as third-party defendants based on their conduct in permitting Brooks access to the impounded materials.

II. MOTION TO DISMISS COUNSEL

Defendant Bates maintains that the Court must order the removal of Chapman Moran and two of the firm's members, John Haven Chapman and Victor L. Zimmerman, Jr., as plaintiff's counsel because of the conflict arising from their representation of three adverse parties in the instant litigation. Bates argues that since Chapman Moran is the attorney of record in this litigation for KEI, the corporate nominal defendant, and also represents plaintiff Brooks in his personal capacity, there is a conflict between clearly divergent interests. [FN2]

In addition to the conflict arising from the presentation of multiple-parties, Bates further claims that Chapman Moran must be disqualified because members of the firm illegally and unethically collaborated with Brooks, deliberately giving him access to the impounded materials and then affirmatively concealing this information from Bates and the Court. The goal of the conspiracy being, according to Bates, to put him out of business and secure access to his computer programs in order for Brooks to gain a substantial economic benefit.

The question of whether to disqualify counsel is solely within the Court's discretion. Fund of Funds Ltd. v. Arthur Anderson & Co., 567 F.2d 225 (2d Cir.1977); United States v. Perlmutter, 637 F.Supp. 1134, 1137 (S.D.N.Y.1986) (citation omitted). In assessing the propriety of disqualification based on counsel's conduct, I note that there is no express statutory duty applicable to professional misconduct cases. Nevertheless, federal courts have frequently relied on the New York Code of Professional Responsibility ("N.Y.Code"), N.Y.JUD.LAW app. (McKinney's (1992)), [FN3] the American Bar Association Model Code of Professional Responsibility (1981) ("ABA Code") and the American Bar Association Model Rules of Professional Conduct (1991) ("ABA Rules") in addressing issues of disqualification and potential counsel malfeasance. It is the judicial interpretations of these rules and notions of professional conduct, as well as the directives contained in the professional rules themselves, which guide my decision in this

case to grant the request for disqualification.

*3 In this Circuit, disqualification is appropriate in limited circumstances, and rarely is such a harsh remedy invoked against counsel. Disqualification, however, is condoned,

> where an attorney's conflict of interests in violation of Canons 5 and 9 of the Code of Professional Responsibility[ ] undermines the court's confidence in the vigor of the attorney's representation of his client,....

Board of Educ. of N.Y.C. v. Nyquist, 590 F.2d 1241, 1246 (2d Cir.1979) (footnote omitted) (citations omitted).

The Second Circuit has held that disqualification is mandatory where there is a high potential for conflicting loyalties and where conflict might taint a trial by affecting an attorney's presentation of a case. Armstrong v. McAlpin, 625 F.2d 433, 444 (2d Cir.1980), vacated on other grounds, 449 U.S. 1106, 101 S.Ct. 911, 66 L.Ed.2d 835 (1981). In the instant case, Chapman Moran's position as a third-party defendant, in accordance with my discussion as set forth below, renders the firm's untainted representation of its clients dubious.

The most compelling basis for disqualification is that it is likely, if not certain, that members of Chapman Moran will testify adversely to Brooks in this action about Brooks' access to Bates' materials, creating a conflict situation explicitly disfavored by the professional codes and the courts. The ABA Code and Rules condemn combining the role of lawyer and witness in a client's litigation, except in certain limited situations, none of which are applicable to this case. Specifically, Disciplinary Rule 5-102, under Canon 5 of the ABA Code, directs an attorney to withdraw from the trial, and the attorney's firm to terminate representation, once the attorney learns, or it is obvious, that the lawyer or another lawyer in the firm will be called as a witness on behalf of the client, or if not on behalf of the client if the testimony "is or may be prejudicial to [the] client." [FN4] ABA Rule 3.7 also prohibits an attorney from serving at a trial in which it is likely that the lawyer will "be a necessary witness...." [FN5] See also Bass Public Ltd. Co. v. Promus Co. Inc., No. 92 Civ. 0969, 1994 WL 9680, at *8 (S.D.N.Y. Jan. 10, 1994) (lawyers may be properly disqualified where their "knowledge is highly relevant and peculiarly in [their] possession") (citation omitted).

Disqualification is clearly warranted here where the testimony of Chapman Moran's attorneys is a critical issue in Bates' case. The testimony is necessary in order to establish the alleged improper access to and procurement of the copyright registration of Bate's work. Obviously, such testimony is directly prejudicial to Chapman Moran's client, Brooks. In fact, the purpose of such testimony is to establish Brooks' misconduct.

Moreover, because I am permitting plaintiff to add the firm as a third-party defendant, the firm's position as counsel is compromised by its representation of three adverse parties, including itself, in the same litigation. Such representation would be in direct contravention of one of the highest duties an attorney bears to a client: to "represent a client zealously." See ABA Code Canon 7. I am not convinced that in this case, under these facts, Chapman Moran can fulfill its professional responsibility without endangering the position of its clients since, as a defendant in this case, Chapman Moran must seek to absolve the firm and its members from any liability related to plaintiff's copying of the impounded materials.

*4 To allow Chapman Moran's representation of Brooks and KEI to continue not only threatens the individual attorney-client relationship, but also compromises time-honored notions of legal professional conduct and behavior. Canon 9 of the ABA Code firmly states that attorneys "should avoid even the appearance of professional impropriety" in order to "promote public confidence in our system and in the legal profession." See ABA Code, Canon 9, Ethical Consideration 9-1. Attorneys should "strive to avoid not only professional impropriety but also the appearance of professional impropriety." Ethical Consideration 9-6. Bates' allegations

that Chapman Moran, as counsel to KEI, gave Brooks access to the impounded information, certainly suggests, at least, an appearance of impropriety and a violation of professional tenets. In addition, representation of multiple parties, with adverse interests, in the same litigation, presents more than a mere appearance of a conflict. [FN6]

Here, the fact that the attorney's conduct tends to "taint the underlying trial," and that there exists at a minimum an appearance of impropriety, are sufficient bases for disqualification. While I recognize the rarity of such judicial action, and the exceptional character of such a remedy, "[t]he Courts have not only the supervisory power but the duty and responsibility to disqualify counsel for unethical conduct prejudicial to [the attorney's] adversaries." Ceramco v. Lee Pharmaceutical, 510 F.2d 268, 271 (2d Cir.1975).

Further, Rule 1.16 of the ABA Code addresses directly the issues presented in the instant motion and likewise supports my decision to disqualify counsel in this case. That Rule requires that "a lawyer shall withdraw from the representation of a client if the client has used the lawyer's services to perpetrate a fraud or criminal activity." Since Chapman Moran's defense to Bates' allegations of collusion and conspiracy is the innocence of the firm and its members, which defense must, at a minimum, insinuate that Brooks' acted improperly, the continued representation of Brooks' by Chapman Moran would be in direct violation of Rule 1.16.

For the foregoing reasons, Bates' motion to disqualify Chapman Moran as counsel in this case is granted. [FN7]

III. LEAVE TO AMEND THE COMPLAINT

Federal Rule of Civil Procedure 15 recognizes that "leave [to amend a pleading] shall be freely given when justice so requires." Fed.R.Civ.P. 15(a). See also Day v. Morgenthau, 909 F.2d 75, 78-79 (2d Cir.1990), cert. denied, 506 U.S. 821, 113 S.Ct. 71 (1992) (leave to amend a complaint shall be freely granted). Pro se litigants are given even greater flexibility in drafting their pleadings, so that permission to amend should be granted "fairly freely." Satchell v. Dilworth, 745 F.2d 781, 785 (2d Cir.1984). A pro se litigant "should be afforded every reasonable opportunity to demonstrate that [the litigant] has a valid claim." Id. (quoted in Bobal v. Rensselaer Polytechnic Institute, 916 F.2d 759, 762 (2d Cir.1990), cert. denied, 499 U.S. 943, 111 S.Ct. 1404, 113 L.Ed.2d 459 (1991)). Despite the apparent predisposition in Rule 15 and the decisions of this Circuit favoring granting a request to amend, the courts do not have carte blanche to automatically grant an amendment. The court may deny a request where the amendment would be futile, as in the case where the amended pleading fails to state a claim. Foman v. Davis, 371 U.S. 178, 182, 83 S.Ct. 227, 230, 9 L.Ed.2d 222 (1962); Manson v. Stacescu, 11 F.3d 1127, 1133 (2d Cir.1993); Longo v. Shore & Reich, Ltd., No. 90 CIV. 6905, 1993 WL 437773, at *1 (S.D.N.Y. Oct. 25, 1993) (citation omitted); Santiago v. Steinhart, No. 89 Civ. 2069, 1993 WL 410402, at *2 (Oct. 13, 1993). However, it is within the discretion of the district court to allow the amendment once the proposed amended claims satisfy this threshold viability requirement. See Paliaga v. Luckenbach S.S. Co., 301 F.2d 403, 410 (2d Cir.1962) (district court has discretion to consider or dismiss a third-party complaint).

*5 In deciding whether Chapman Moran should be added as a third party, I note that joinder of the firm would consolidate and facilitate closure of the various claims, based on the Brooks/Bates business relationship, in one action, rather than burdening the parties and this Court with several mini-actions. Moreover, Chapman Moran should be joined in the proposed third-party complaint because without the firm, "complete relief cannot be accorded among those already parties," within the meaning of Fed.R.Civ.P. 19. Joinder, thus, serves the ends of expeditious resolution of this litigation and judicial economy.

As a preliminary matter, I am unpersuaded by plaintiff's objections to Bates' motion that the motion is untimely. A party may amend

its pleading at any time before service of a responsive pleading, or if no responsive pleading is permitted, within 20 days after it is served. Fed.R.Civ.P. 15(a). Once the time for amending the pleading has passed, a party may amend by leave of the court or upon consent of the parties. Id. It is true that Bates did not file his motion to amend until December 10, 1992, almost a year after the defendant was first permitted to amend his complaint and more than six months after the answer was filed. Bates, however, contends that prior to discovery in 1992 he had no knowledge of the conduct which is now the basis for his claims, and that he did not have grounds to amend the complaint until he learned that Chapman Moran may have abused the impoundment process under the copyright law by giving Brooks access to the impounded materials, which resulted in the offer by Brooks of Bates' trade secrets to a Bates competitor.

Even when a party delays in the submission of the request to amend, if a defendant's delay is based on surprise, and the underlying action will not be unduly delayed or complicated because all the parties and claims will be resolved in one action, the motion to amend should be granted. See e.g., Mutual Life Assur. Co. v. Arthur Anderson, 65 F.R.D. 518, 522 (S.D.N.Y.1975) (third-party complaint filed three years after the filing of an answer allowed on grounds that it would not cause unreasonable delay). There is no dispute here that Bates was unaware of Brooks' access to the impounded material until shortly before he made his motion to amend and I am convinced that leave to amend should not be denied with respect to potentially viable claims arising from this new information.

IV. THE THIRD-PARTY CLAIMS

In order to determine whether inclusion in this action of Bates' proposed claims would be otherwise futile, I will, however, also decide whether the allegations in the proposed amended complaint state a claim upon which relief may be granted, including whether the claims themselves are time-barred. After careful consideration of Bates' claims and the responding papers, I am persuaded that Bates has sufficiently set forth allegations, at this preliminary stage, in support of the majority of his claims and he should be allowed to amend his complaint to add most of his claims.

1. Wrongful Attachment

*6 Bates claims that his property was wrongfully attached as a result of the Order of Impoundment. A United States marshal seized Bates' property, the computer material, and then turned it over to Chapman Moran. The Copyright Rules of Procedure, 35 Stat. at 1082 (1992), authorize a marshal to keep seized property in the marshal's possession, in a secure place, subject to the order of the court, Warner Bros. Inc. v. Dae Rim Trading Inc., 877 F.2d 1120, 1123 (2d Cir.1989), and 17 U.S.C. § 503 (1993) authorizes the court to order impoundment on "such terms as it deems reasonable." The impoundment by the marshal and ultimate placement of the materials in the possession of Chapman Moran was done in furtherance of Judge Haight's Order, an Order whose terms were clearly within the authority of the Court. Bates has, therefore, failed to allege a viable claim on this cause of action and leave to amend his complaint to plead this cause of action is denied. [FN8]

2. Negligence and Professional Malpractice

In response to a pending claim in this litigation, wherein Brooks accuses Bates of breaching his duties of fidelity and loyalty to KEI, Bates implicates the incorporator of "KEI", proposed third-party defendant Victor L. Zimmerman, and asserts that Zimmerman committed negligence and professional malpractice. Bates claims that Zimmerman: 1. failed to provide him with any notification that Bates was elected a KEI director; 2. failed to reply to Bates' written inquiry as to who were the directors; 3. failed to file a "Notice of Election or appointment of Officer/ Director" with the Office of the Secretary of Connecticut, announcing his director position; and 4. failed to call for an organizational meeting, in violation of the Connecticut Stock Corporation Law at § 33-294, thus concealing

Bates' status as a director from him. Bates contends that if he had known he was a director of KEI, he would have obtained other counsel and made certain that KEI was properly dissolved before continuing in business with KE.

Bates argues that as a result of Zimmerman's inactions, two distinct injuries have occurred. First, KEI has been harmed as a result of Bates' breach of his duties of loyalty and fidelity to KEI when he dealt with KEI customers in his capacity as sole shareholder of KE. Second, there is direct injury to him if a judgment is rendered against him on the aforementioned breach of fiduciary duty claim by Brooks.

Brooks and Chapman Moran argue that the claims are time-barred by the three year statute of limitations applicable to attorney malpractice claims. A claim for attorney malpractice under New York law accrues when the malpractice occurs, except that the statute of limitations may be tolled until the attorney ceases to represent the client on the matter in which the alleged malpractice occurred. Green v. Green, 56 N.Y.2d 86, 94, 436 N.E.2d 496, 500, 451 N.Y.S.2d 46, 50 (1982); Lazzaro v. Kelly, 87 A.D.2d 975, 450 N.Y.S.2d 102 (4th Dept.1982), aff'd 57 N.Y.2d 630, 439 N.E.2d 868, 454 N.Y.S.2d 59 (1982); Siegel v. Kranis, 29 A.D.2d 477, 288 N.Y.S.2d 831 (2d Dept.1968). Connecticut recognizes that a legal malpractice claim accrues on the "date of the act or omission complained of, ..." Redden, 1994 WL 76807 at *4 (quoting Connecticut statute of limitations, General Statutes § 52-577).

*7 Even the most favorable reading of Bates' allegations, and assuming those allegations are true for purposes of this motion, compels me to conclude that Bates' attorney malpractice claims under either New York or Connecticut's statutes of limitations are time-barred. Although it is not clear when the malpractice occurred or when the Chapman Moran attorney-client relationship terminated, I must assume, at the very least, that Bates recognized the malpractice and termination of the attorney-client relationship once Brooks, with the assistance of the firm, commenced legal action against him, upon the filing of the instant complaint on June 27, 1989. Bates filed the instant motion, raising the malpractice claim for the first time, on December 10, 1992, almost six months after the three year statute of limitations had run. Although Bates has fashioned his allegations to include some separate claim against the firm for negligence, "the remedy for an attorney's professional negligence is a suit for malpractice." Inryco Inc. v. Metropolitan Eng'r Co. Inc., 708 F.2d 1225, 1235 (7th Cir.1983).

Nevertheless, assuming that Bates' assertions were construed as a separate negligence claim, such a claim is premature. Under both New York and Connecticut law, a cause of action for negligence must be filed within three years of when an injury occurs. C.P.L.R. § 214(6); Redden v. Ebenstein & Ebenstein, No. CV 92 0517867S, 1994 WL 76807, *3 (Conn.Super.Ct. Feb. 23, 1994) (negligence becomes actionable when the party suffers some legally injurious consequence as a result of the negligence); Triangle Underwriters Inc. v. Honeywell Inc., 604 F.2d 737 (S.D.N.Y.1979), citing Schwartz v. Heyden Newport Chemical Corp., 12 N.Y.2d 212, 188 N.E.2d 142, 237 N.Y.S.2d 714 (1963), cert. denied, 347 U.S. 808 (1963) (a cause of action for negligence accrues, for statute of limitations purposes, when acts constituting negligence produce injury), aff'd on other grounds, 651 F.2d 132 (2d Cir.1991). A negligence claim requires that a breach of a professional standard of care occurs which is the proximate cause of the injuries suffered by the complainants. Somma v. Gracey, 15 Conn.App. 371, 374-75, 544 A.2d 668 (1988); Cotroneo v. Von Schilling, No. CV 91 0117356, 1994 WL 16510, *3 (Conn.Super.Ct. Jan. 5, 1994). As KEI counsel, Zimmerman certainly may have had a professional duty to Bates which may have been violated if Bates' allegations are true. Bates has admitted, however, that as yet he has not suffered any injury as a result of the alleged lack of notification of his director status and that any injury is purely contingent upon a judgment against him from this Court on Brooks' claims. See Defendant's Reply Memorandum

at p. 3. If Bates is found liable, at that time, not now, his injuries will be the proximate result of Chapman Moran's breach of their professional standard of care. For these reasons, leave to amend to add a cause of action for malpractice or negligence is denied.

3. Common Law Fraud

*8 Bates also asserts various fraud claims against the firm and its members, in particular Zimmerman. The premise of Bates' allegations is that Brooks and Chapman Moran collaborated in their efforts to establish KEI for the purpose of stealing Bates' intellectual property. In furtherance of that purpose, Bates claims that Chapman Moran and Zimmerman falsified documents, such as back-dating checks and a General Resolution of KEI signed by Bates. Bates also claims that Zimmerman made a knowing misrepresentation of material fact when he signed documents attesting that an organizational meeting of KEI was held on December 5, 1989, and when he asked Bates to sign a Subchapter S election and told him that there were no potential implications in signing this document. Bates maintains that Zimmerman had a duty to advise him and recommend to him that he seek independent counsel.

A claim of fraud may be based on affirmative false statements when: 1. a false representation is made as a statement of fact; 2. the representation is untrue and known to be untrue by the party making it; 3. the representation is made to induce the other party to act on the representation; and, 4. the party acts on it to [that party's] injury. Kilduff v. Adams, Inc., 219 Conn. 314, 327, 593 A.2d 478, 485 (1991). An omission may also constitute actionable fraud if there was an "affirmative duty to disclose the fact at issue." Chiarella v. United States, 445 U.S. 222, 228, 100 S.Ct. 1108, 1114, 63 L.Ed.2d 348 (1980); Shea v. Angulo, No. 93 Civ. 4716, 1993 WL 498013 *4 (S.D.N.Y. Nov. 29, 1993).

Zimmerman, as counsel to KEI, may have had a duty to disclose all relevant information to Bates, a majority shareholder in KEI. Zimmerman's failure to alert Bates of the legal ramifications of signing the Subchapter S election may also constitute a fraudulent omission, with injury to Bates if he signed away rights to his company as a result of signing the IRS document. Thus, Bates may have a viable claim for common law and he should have the opportunity to develop this claim.

4. Fraud on the Copyright Office [FN9]

Bates alleges that the applications for copyright registrations, submitted to the Copyright Office by Chapman Moran partner John Haven Chapman, and signed by Brooks, contained two misrepresentations of material fact which facilitated Brooks' acquisition of Bates' trade secrets. The first misrepresentation was that Brooks was entitled to the works as a result of a "transfer of all rights by author," and, second, that Brooks was authorized to use the name KE, Bates' New York company name. Bates contends that as a result of the fraudulent procurement of the copyright registrations, KEI improperly acquired ownership of Bates' works for a period of almost two and a half years, from the time the copyright registrations were granted in June 1989 until Judge Haight invalidated the copyright registrations in November 1991. Brooks claims that since this matter was resolved by Judge Haight's November 26, 1991 opinion, invalidating the copyright registrations in KEI's name, and that Bates has no further remedy in this Court.

*9 The invalidation of the copyrights in question is an appropriate remedy for a misrepresentation to the Copyright office. See Whimsicality, Inc. v. Rubie's Costume Co. Inc., 891 F.2d 452, 456 (2d Cir.1989) (bad faith misrepresentation made to copyright office rendered copyright registration invalid). It is undisputed that Bates secured this relief with the issuance of Judge Haight's November Order. However, since Bates may be entitled to recover either actual damages suffered and profits or, statutory damages pursuant to 17 U.S.C. § 504 (1993), Bates has sufficiently stated a claim for such damages. See e.g.,

United States Naval Inst. v. Charter Comm. Ins., 936 F.2d 692, 694 (2d Cir.1991) (actual damages granted in copyright infringement action for breach of exclusive licensing agreement). There is, moreover, nothing before the Court that suggests that Judge Haight addressed the issue of damages. Therefore, there is no law of the case on this question and leave to amend is granted on this claim. [FN10]

5. Fraud upon the Court

Bates has set forth further allegations of intentional fraud committed by John Haven Chapman before this Court. According to Bates, at an in camera hearing on June 28, 1989, Chapman made fraudulent misrepresentations before Judge Haight in order to secure the issuance of the Impoundment Order. According to Bates, Chapman told Judge Haight that Bates was an employee of Brooks' corporation, that Bates stole the items in question from the firm's Connecticut offices and that the intellectual property was misappropriated and in imminent danger of compromise. He further alleges that Chapman misled Judge Haight to believe that KEI and KE were the same entities. In addition, Bates claims that in order to secure a lower cost bond at $10,000 Brooks misrepresented, in his supporting affidavit on the instant motion, the value of Bates' intellectual property at only $5,000, instead of the actual value which Bates alleges is $650,000.

It is undisputed that Judge Haight vacated the Impoundment Order and later held that Bates was the true owner of the materials, thus, relieving Bates of the burden of the original order. However, since Bates may have suffered damages as a result of Brooks' misappropriation of his material, he may assert claims based on the wrongful appropriation of his property by the use of a fraudulently obtained order. Therefore, Bates may amend to include this claim as well. [FN11]

6. Abuse of Process

Bates further claims that the actual nefarious purpose of the impoundment was to acquire his trade secrets and shut down Bates' business in order to deprive him of any future income. Moreover, by seizing the computer disks, and all copies thereof, including the internal hard disks of his computer, Bates alleges that Brooks and his attorneys sought to deprive him of his business records and correspondence, many of which were also vital to his defense of the present action.

A claim of abuse of process requires that the legal process was used "in an improper manner or to accomplish a purpose for which it was not designed." O'Rourke v. Trusthouse Forte Food Services, Inc., No. Civ. 91 0118880, 1993 WL 104427, at *2 (Conn.Super. March 25, 1993) (quoting Mozzochi v. Beck, 204 Conn. 490, 494, 529 A.2d 171 (1987)). The misuse or misapplication of process occurs when it is used "for an end other than that which it was designed to accomplish." Id. at *2 (quoting Prosser & Keeton, Torts § 121, p. 897 (5th Ed.1984)). Bates has sufficiently alleged that the Order of Impoundment was used solely for improper ends. He may also amend to include this claim.

7. Wrongful Delivery

*10 As already noted, Bates has set forth allegations that Brooks gained access to the impounded materials in direct violation of the Order of Impoundment. These allegations are sufficient to support his claim against Chapman Moran that it knew and/or facilitated the wrongful possession of the materials. Therefore, asserting this claim is not futile and will be permitted at this time.

8. Interference with Contract

Bates also alleges that in December 1987 he granted a non-exclusive license to a Michigan corporation, known as Lorenz Management Systems, Inc. ("Lorenz"), to sell and pay him for copies of his JustText program. Bates contends that Brooks and Chapman Moran wrongfully informed the President of Lorenz that Bates was no longer the copyright owner of JustText and that payment should be

remitted to Brooks' KEI corporation, rather than to Bates. As a direct result of this misrepresentation, Lorenz refused to pay Bates. Although Bates eventually settled with Lorenz, Bates claims that he agreed to less than the full amount of his losses.

The elements of an action for tortious interference with a contract are: 1. proof that a contract or beneficial relationship existed; 2. the defendant knew of this relationship and intentionally tried to interfere with it; and 3. as a result of the interference, plaintiff suffered an actual loss. Stripling v. Fleet Nat'l. Bank, No. 52 16 61, 1993 WL 451412, at *1 (Conn.Super. Oct. 22, 1993). A person interferes with a contract if the person engages in "improper conduct." Id. at *2.

Bates' allegations sufficiently set forth a claim in satisfaction of these three requirements. First, Bates alleges that he and Lorenz had an agreement for payment. Second, he claims that Brooks and his counsel made material misrepresentations, knowing them to be false, to Lorenz, and thereby sought payment for KEI instead of Bates. Third, despite the settlement with Lorenz, Bates claims that there remain outstanding losses caused by the misrepresentation. It is of no consequence that Bates and Lorenz eventually settled since a general release executed in a settlement contract does not bar suit on claims unrelated to the settlement. Bellefonte Ins. Co. v. Argonaut Ins. Co., 757 F.2d 523 (2d Cir.1985). Since Bates seeks redress for Brooks and Chapman Moran's misrepresentation, and not for any claims arising from his settlement with Lorenz, the settlement does not bar his instant claims. [FN12]

In summary, Bates is granted leave to amend to set forth those claims permitted in accordance with this Opinion. Granting leave to amend, however, is not tantamount to a decision on the merits of Bates' claims or a suggestion that these claims will eventually succeed. Rather, all I decide in this Order is that Bates has stated sufficient allegations in support of his request to amend so that, at this time, it appears that he indeed states certain potentially viable claims. Thus, leave to amend should be granted to avoid improper and premature preclusion of potentially meritorious claims. Cf. Zola v. Merrill Lynch, No. 84 Civ. 8522-CS4, 1987 WL 7742, at *5 (S.D.N.Y.1987) (to comply with Fed.R.Civ.P. 9(b), plaintiff should be allowed to replead a cause of action in order to avoid preclusion of a possibly meritorious claim).

IV. CONCLUSION

*11 For the foregoing reasons the defendant's motions for disqualification and joinder of the firm of Chapman Moran as third-party defendants are GRANTED. Leave to amend the Complaint in accordance with this Opinion is GRANTED. Service of the amended complaint should be accomplished within 25 days, a copy of which should be mailed to Brooks at his New York address. Furthermore, Brooks has 60 days to obtain new counsel. A conference is scheduled for July 27, 1994, at 4:45 pm, at which time the parties should be prepared to discuss any remaining discovery issues and present a new case management plan.

SO ORDERED.

FN1. At my March 11, 1993 bench conference with the parties I held that KEI was a properly formed Connecticut corporation.

FN2. Although KEI is a named defendant in the instant action, there are no claims set forth in the complaint against the corporation.

FN3. The New York State Bar Association adopted whole the New York State Code of Professional Responsibility from the American Bar Association Code of Professional Responsibility, effective January 1970. The code sections and the language therein are exactly those contained in the ABA Code and, therefore, my discussion of the ABA Code provisions apply equally with respect to the New York Code.

FN4. The exceptions to this Rule are limited and do not apply in this case. See ABA Code of Professional Responsibility, Disciplinary Rules 5-102, 5-101(B)(1)-(4).

FN5. The exceptions to ABA Rule 3.7 are similar to those set forth in ABA Code Disciplinary Rule 5-101(B)(1), (3)-(4), and do not apply here.

FN6. Although courts are hesitant to disqualify attorneys solely on Canon 9 grounds, Bennett Silvershein Assoc. v. Furman, 776 F.Supp. 800, 806 (S.D.N.Y.1991), the instant action does not turn on the existence of a mere appearance of impropriety without more. Assuredly, Chapman Moran's continued representation of Brooks, KEI, and the firm and its members--all parties with conflicting interests--will affect the outcome of this case. I cannot ignore that it is both a duty and "a necessity to nip [this unprofessional conduct] in the bud." Board of Educ. of N.Y.C. v. Nyquist, 590 F.2d 1241, 1246 (2d Cir.1979).

FN7. Additional delay in this already long-delayed action which may result from having to replace counsel is insignificant and outweighed by the need to resolve the obvious conflict of interest.

FN8. Bates also argues that pursuant to Fed.R.Civ.P. 65, he was entitled to notice prior to the raid on his house. No preliminary injunction or temporary restraining order was issued in conjunction with the Order of Impoundment. Therefore, the provisions of Rule 65 requiring notice do not apply.

FN9. Bates characterizes John Haven Chapman's misconduct in providing false information to the copyright office as "fraud on the U.S. Copyright Office." To avoid confusion, I accept and adopt this description of his claim.

FN10. Bates has also requested that this Court impose Rule 11 sanctions against Brooks and Chapman Moran for their unlawful conduct in the original copyright claim before Judge Haight. Rule 11 sanctions are unwarranted at this time in the case and the motion is denied.

FN11. As noted previously, Brooks and Chapman Moran's objections to the fraud claims as time-barred are without merit. Under New York law an action based upon fraud must be commenced within six years from when the fraud was discovered. N.Y.Civ.Prac.L. & R. § 213(8) (McKinney 1993), and under Connecticut law the three year statute does not accrue until the person first discovered the existence of his cause of action. Conn.Gen.Stat. §§ 52-584, 52-595 (1994). Bates' fraud claims were discovered and filed in 1992, well within both limitations periods.

FN12. Bates' claims for abuse of process, wrongful delivery and interference with a contract, although subject to different limitations periods, are not barred by the respective statutes of limitations. Bates maintains that by deliberately seeking to "quash discovery," Chapman Moran hoped to conceal information from Bates that his sources codes had been misappropriated. Viewing Bates' claim in the light most favorable to the moving party, as I must, see Santiago v. Steinhart, No. 89 CIV. 2069, 1993 WL 410402 at *1-2 (S.D.N.Y. Oct. 13, 1993), I assume that Bates' claims are true and that Chapman Moran fraudulently concealed information concerning Bates' claims against the firm.
Under both Connecticut and New York law, the fraudulent concealment of a cause of action accrues until the time the person entitled to sue thereon first discovers its existence. See Conn.Gen.Stat. § 52-595 (1994); Stone v. Williams, 970 F.2d 1043, 1048 (2d Cir.1992); Clark v. United States, 481 F.Supp. 1086, 1095 (S.D.N.Y.1979). In order to establish fraudulent concealment, Bates must show that he was ignorant of his right of action, that Chapman Moran intended that he be kept ignorant and that Chapman Moran committed an affirmative act of concealment. See Hamilton v. Smith, 773 F.2d 461, 468 (2d Cir.1985) (setting forth the elements of fraudulent concealment under Connecticut law). Bates allegations certainly satisfy these requirements and survive a prima facie challenge.

END OF DOCUMENT

CERTIFICATE OF SERVICE

I hereby certify that two true and correct copies of the foregoing were served this 18th day of September, 1998 on counsel of record in the manner indicated:

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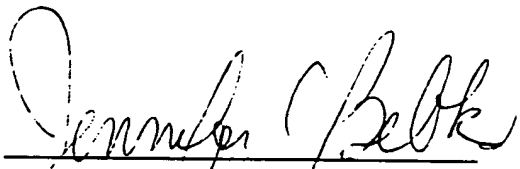

Jennifer C. Bebko (#3689)

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IN THE UNITED STATES DISTRICT COURT
FOR THE DISTRICT OF DELAWARE

ADVANCED CARDIOVASCULAR SYSTEMS, INC.,	:	
Plaintiff,	:	
v.	:	C.A. No. 98-314-SLR
ARTERIAL VASCULAR ENGINEERING, INC.,	:	
Defendant.	:	

PLAINTIFF ADVANCED CARDIOVASCULAR SYSTEM'S ANSWERING BRIEF IN OPPOSITION TO DEFENDANT'S MOTION TO DISQUALIFY LEAD TRIAL COUNSEL

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DATED: September 18, 1998

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INTRODUCTION

AVE asks this Court to take the extraordinary step of disqualifying ACS's trial counsel because some members of trial counsel's firm prosecute patent applications for ACS, and because one former member of trial counsel's firm filed an application for the patent-in-suit after leaving the firm. The request is extraordinary because it is supported by neither the facts nor the law, it defeats the very purpose of standard confidentiality orders entered by this Court, it would deprive ACS of counsel of its choosing even after ACS agreed to a waiver of any possible conflict of interest and, if granted, would chill the common practice in this Court for companies involved in patent litigation to retain capable law firms familiar with the patents in suit. The request to disqualify is even more unusual, and is indeed suspect, because it is not brought by a current or former client of trial counsel but by an adversary of ACS in litigation and a competitor in the stent market. For the following reasons, AVE's request should be denied.

NATURE AND STAGE OF THE PROCEEDINGS

There are now three cases between Advanced Cardiovascular Systems, Inc. ("ACS") and Arterial Vascular Engineering ("AVE") in this Court. The first filed action, ACS v. AVE, C. A. No. 98-314-SLR, was filed on December 24, 1997 in the United States District Court for the Northern District of California and involves allegations of patent infringement. Specifically, ACS alleges that AVE has infringed U.S. Patent Nos. 5,421,955 ("'955 patent"), 5,514,154 ("'154 patent"), and 5,603,721 ("'721 patent"). At AVE's request, the first filed action was transferred to this Court on June 10, 1998.

Rather than file an answer to the first filed California action, AVE instead filed a new action in Delaware on February 18, 1998 captioned AVE v. ACS, C.A. 98-80-SLR. In the

Delaware action, AVE makes various assertions in response to ACS's complaint in the California action, including 1) that ACS's '955, '154 and '721 patents are not infringed and are invalid and unenforceable; 2) that ACS has wrongfully acquired from a third party, Michael Boneau, the secret technological information that lead to the issuance of the '955, '154 and '721 patents; and 3) that Boneau was the true inventor of the '955, '154 and '721 patents. AVE also asserted that ACS has infringed certain AVE patents, namely U.S. Patent Nos. 5,292,331 ("'331 patent") and 5,674,278 ("'278 patent").

The third action, ACS v. AVE, C.A. No. 98-316-SLR was filed by ACS on April 10, 1998 in the Northern District of California. In that action, ACS alleges that AVE has infringed U.S. Patent No. 5,735,893 ("'893 patent"). This second California action also was transferred to this Court on June 10, 1998.

In the first filed action, C.A. No. 98-314-SLR in this Court, AVE filed a motion to disqualify ACS's lead trial counsel, Fulwider, Patton, Lee & Utecht, LLP ("Fulwider firm"). The parties stipulated that no further action would be taken in 98-80-SLR, 98-314-SLR, and 98-316-SLR until AVE's motion to disqualify could be decided. This is the answering brief of ACS in opposition to AVE's extraordinary motion.

SUMMARY OF ARGUMENT

1. AVE cannot meet the heavy burden imposed on a party seeking disqualification of its adversary's lead trial counsel. Motions to disqualify are disfavored and frequently are found to be merely impermissible trial tactics.

2. AVE has cited no authority holding that an entire law firm must be disqualified from patent litigation upon motion by the opposing party where that firm prosecutes patent applications for the party it represents in the litigation and may have access

to the opposing party's confidential information in the future. AVE cannot establish any basis sufficient to warrant denial of ACS's right to counsel of its choosing or demonstrate that a standard protective order will not address its concerns. The standard confidentiality orders entered in this Court will provide more than adequate protection to AVE should it produce confidential documents in the litigation.

3. AVE also has failed to show that any current Fulwider attorney will be a necessary witness at trial or that ACS will not suffer hardship if Fulwider is disqualified. In addition, Model Rule of Professional Responsibility 3.7 dictates against disqualification of the entire Fulwider firm even if one of its attorneys is a witness at trial.

4. Even if a Fulwider attorney is a witness at trial, ACS has consented to the Fulwider firm's continued representation of it in this case. ACS's right to counsel of its choosing outweighs any potential conflict posed by the attorney's appearance as a witness.

STATEMENT OF FACTS

A. Background.

While AVE spends several pages of its brief arguing the merits of its case against ACS and comparing the patented technology of the parties, see, e.g. OB at 3-8,[1] it spends very little time on the salient facts necessary for the Court to decide the motion to disqualify, namely that: 1) The ACS patent application that allegedly misappropriated Boneau's technology was filed by a former member of the Fulwider firm who was no longer in its employ at the time the application was filed; 2) the current trial counsel for ACS were not involved

[1]AVE's opening brief filed in California in support of its motion to disqualify is cited herein as "OB at ___".

in the preparation and filing of the patent applications at issue for ACS; and 3) a standard confidentiality order, and the Rules of Professional Responsibility, will assure against improper use of any AVE confidential information which may be produced in the underlying litigation. As discussed below, these important facts are largely dispositive of AVE's motion to disqualify.

B. ACS's Long Relationship With The Fulwider Firm.

The Fulwider firm has a long and established relationship with ACS. ACS first retained the Fulwider firm in 1987 to assist in development and protection of ACS's intellectual property rights. The Fulwider firm has since become ACS's primary outside counsel for intellectual property matters relating to stent implants. (Barclay Decl., ¶ 3).[2]

ACS's reliance upon the Fulwider firm is further attested to by the numerous patent litigation matters in which the Fulwider firm acts or has acted as lead counsel. (Barclay Decl., ¶ 4). Of particular note is the pending Cordis v. ACS et al. (C.A. No. 97-550 (SLR)) litigation currently pending before this Court, in which the Fulwider firm serves as ACS's lead attorneys. (Barclay Decl., ¶ 4). As this Court is well aware, that action is of great importance to the parties involved. In an action of such importance, a party such as ACS does not choose its lead trial counsel lightly.

[2]The Declaration of Bruce J Barclay is filed simultaneously herewith.

C. AVE's Allegations Of Technology Misappropriation Relating To The Fulwider Firm.

1. The Filing Of The '558 Application.[3]

With respect to the Fulwider firm, AVE's allegations of technology misappropriation are centered on the filing of a patent application by Edward Lynch ("Lynch") that allegedly contained confidential information derived from Mr. Boneau ("Boneau"). On or about October 28, 1991, Lynch, who was formerly a partner at the Fulwider firm, filed a patent application, namely Application Serial No. 783,558 (the "'558 application"), that eventually led to the issuance of the '955, '154, '721, and '893 patents. AVE alleges that the '558 application filed by Lynch contained information derived from the Boneau Patent Application which Lynch allegedly had obtained by way of a confidential disclosure made by Boneau. (AVE Compl., ¶¶ 32-33) (D.I. 1, C.A. No. 98-80 (SLR)).

As AVE admits in its own complaint, however, the '558 application was filed by Lynch in late October, 1991, nearly three months after Lynch had left the Fulwider firm. (AVE Compl., ¶¶ 31-32) (D.I. 1, C.A. No. 98-80 (SLR)). No one involved in the preparation and filing of the '558 application is currently at the Fulwider firm. (Barclay Decl., ¶ 6). In other words, as it relates to the current Motion to Disqualify, the alleged act of technology misappropriation, namely the filing of the '558 application, was performed by an individual who was not with the Fulwider firm.

---

[3]For purposes of this motion, it is not necessary to recite all facts pertaining to AVE's allegations that ACS misappropriated certain technology from Boneau. However, ACS is confident that the facts will establish that its involvement with Boneau was limited, it did not misappropriate his or AVE's technology and that since the ACS and Boneau stents are so different, any evidence of wrongdoing by ACS is lacking. ACS believes that AVE's allegation of misappropriation are made merely to cloud the fact that AVE is infringing ACS's patents as asserted by ACS in the first-filed action. Significantly, most of AVE's factual assertions are supported by no evidence, and only by citations to unverified allegations of AVE's complaint which, contrary to AVE's representation, ACS has denied.

2. The Prosecution Of The '558 Application.

AVE further alleges that attorneys of the Fulwider firm, including John S. Nagy ("Nagy"), had "substantive involvement in the prosecution of [the '558] application." (AVE Compl., ¶ 35) (D.I. 1, C.A. No. 98-80 (SLR)). Their involvement, however, is alleged by AVE to have begun in 1992, which is well after the '558 application was originally filed.[4]

As this Court is well aware, no new matter can be added to the disclosure of a patent application after it is filed. See 37 C.F.R. 1.53(b). Thus, Nagy and the Fulwider firm had to rely entirely upon the technological information already included in the original application as previously filed by Lynch in October of 1991. Hence, the subsequent prosecution of the '558 application by Nagy and the Fulwider firm cannot serve as a basis for a charge of technology misappropriation. Any alleged trade secret misappropriation could only have occurred at the filing of the application, not during the subsequent prosecution thereof.

D. ACS's Stent Design Was Not Derived From The Boneau Patent Application.

1. ACS's Stent Design Is Not Like The Boneau Device.

As AVE acknowledged in its complaint, on or about October 2, 1997, ACS received FDA approval to market its revolutionary Multi-Link Stent in the United States. The Multi-Link Stent is a highly flexible stent which includes a plurality of ring-like cylindrical members connected together to form a flexible and strong stent. Each cylindrical

[4]There are allegations in AVE's brief that Dick Bardin and Craig Bailey, members of the Fulwider firm, were involved with the prosecution of the patents in suit. AVE offered no evidence to support this allegation other than the fact that their names may have appeared on certain powers of attorney, standard to the prosecution of patents after the applications were filed. Indeed, AVE concedes that "each and every responsive document submitted to the Patent and Trade Office ("PTO") relating to the ACS '955 patent was signed and filed by John S. Nagy." OB at 8.

member is comprised of an undulating, serpentine pattern that provides longitudinal flexibility to the stent. Since its introduction, the Multi-Link Stent has gained wide acceptance in the United States and throughout the world.

ACS's '955 patent (Exhibit A hereto) (D.I. 1, C.A. No. 98-80 (SLR)) covers features of the Multi-Link Stent. As depicted on the following page in Fig. 1 (from the '955 patent), the ACS stent is a unique and innovative structure that combines flexibility with high strength.

In marked contrast, the Boneau device is a single wire joined end-to-end and bent into a cylindrical zig-zag shape. The resulting device is a complete stent formed from a single wire, as depicted on the following page in Fig. 3 (from the Boneau '331 patent). (Exhibit B hereto) (D.I. 1, C.A. No. 98-80 (SLR)).

FIGURE 1: STENT FROM ACS '955 PATENT

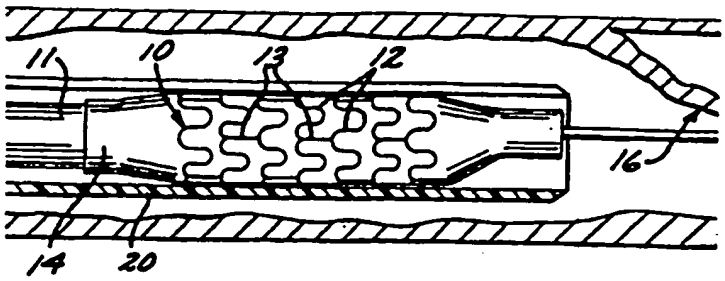


FIGURE 2: AVE GFX STENT

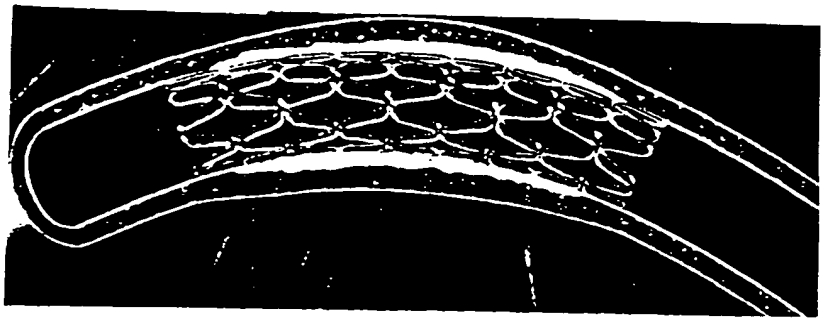
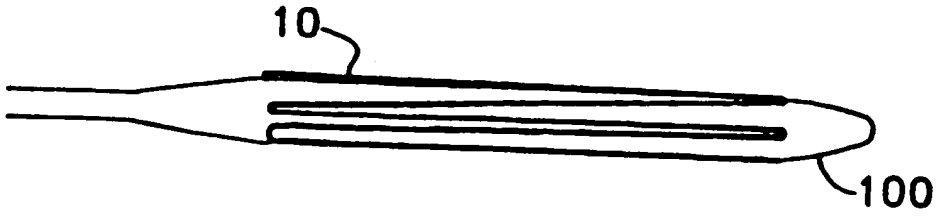


FIGURE 3: BONEAU STENT



As shown by a comparison of the Boneau device with the stent from ACS's '955 patent, ACS's stent design in no way resembles the Boneau device, and was not derived from any knowledge regarding the Boneau device.[5]

2. AVE's Stent Design Was Derived From ACS's Earlier Designs.

AVE's baseless allegations of misappropriation of trade secret by ACS, and the pending motion to disqualify the Fulwider firm, appear to be an attempt to cloud the real dispute in this case, namely AVE's misuse of ACS's technology, including AVE's infringement of ACS's patents. By making allegations of trade secret misappropriation, AVE apparently hopes to distract the Court's attention from clear evidence that indicates that AVE has misappropriated ACS's stent technology.

a. AVE Is Largely Comprised Of Former ACS Employees, Many Of Whom Had Intimate Knowledge Of ACS's Stent Development.

AVE has a large number of former ACS employees, including individuals who were involved with ACS's stent development program. Many former ACS employees hold or have held key positions at AVE, including positions of president, CEO, chairman, and vice-president. AVE's research and development department has several former ACS employees, and AVE's current and former vice-presidents of Research & Development, namely Mark Brister and Bob Lashinski, are both ex-employees of ACS. (Barclay Decl., ¶ 8).

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[5]In its brief, AVE has completely misconstrued the evolution of ACS's technology and patent filings. Contrary to AVE's assertions, some of the earliest ACS patent applications, filed in 1988, were directed to an expandable wire cage, and not to a rolled sheet stent. Nor did ACS discontinue filing applications for a rolled sheet stent once the '558 application was filed, as AVE implies. ACS continued to file applications for rolled sheet designs well into 1995, long after the '558 application was filed. (Exhibits C and D hereto). The Document Transmittal Affidavit of Jennifer C. Bebko is filed simultaneously herewith. (Bebko Aff. ¶ 2).

b. AVE's Stents Are More Similar To The Device Depicted In ACS's '955 Patent Than To The Device Depicted In The Boneau Patent.

As discussed previously, there is no resemblance at all between the crude Boneau zig-zag stent (Fig. 3) and the device shown and described in ACS's '955 patent (Fig. 1). The Boneau stent is a relatively simple stent formed from a single wire joined end-to-end into a zig-zag pattern. The '955 patent depicts a stent that is, in contrast, a complex pattern of undulating, serpentine U's and W's that form a plurality of cylindrical rings connected together.

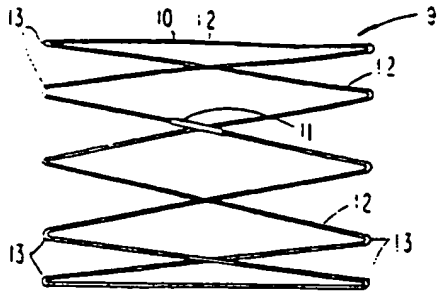
AVE's GFX stent depicted above in Fig. 2 (Exhibit E hereto) (Bebko Aff. ¶ 2), which is alleged to be a variation of the Boneau stent, in fact bears little resemblance to the Boneau device (Fig. 3). A side-by-side comparison of AVE's GFX stent (Fig. 2) with the device from ACS's '955 patent (Fig. 1), however, strongly suggests that AVE's stents were derived not from Boneau but from ACS's design depicted in the '955 patent. This is not surprising when one considers that AVE has numerous employees that were previously involved with ACS's development of stents, including development of the stent in the '955 patent.

Comparison of AVE's stent to ACS's '955 patent, combined with consideration of AVE's apparent access to ACS's stent development information, indicate that it is AVE that has appropriated ACS's technology, and not the other way around. Accordingly, AVE's allegations of technology misappropriation appear to be an attempt to cloud the real issue in this case, which is AVE's appropriation of ACS's patented stent technology.

3. Zig-Zag Stents Were Well-Known Before Boneau's Application Was Filed.

AVE appears to suggest that it had some exclusive rights to all stents that have anything even remotely resembling a zig-zag pattern. However, using a zig-zag pattern for stents was well known long before the Boneau patent was filed. For example, Fig. 4 below, which is from U.S. Patent No. 4,580,568 to Gianturco (Exhibit F hereto) (Bebko Aff., ¶ 2), filed October 1, 1984 and issued April 8, 1986 (well before filing of the Boneau patent application), depicts a stent formed from a wire bent into a closed zig-zag shape highly similar to that of Boneau.

FIGURE 4: GIANTURCO STENT



Although the Gianturco patent does not describe the zig-zag stent being expanded by a balloon, articles of the period specifically describe using a balloon to expand a zig-zag Gianturco stent. (Exhibit G at 121) (Bebko Aff., ¶ 2).[6]

4. AVE Inappropriately Attempts To Compare The Boneau Device With Just An Isolated Portion Of ACS's Stent.

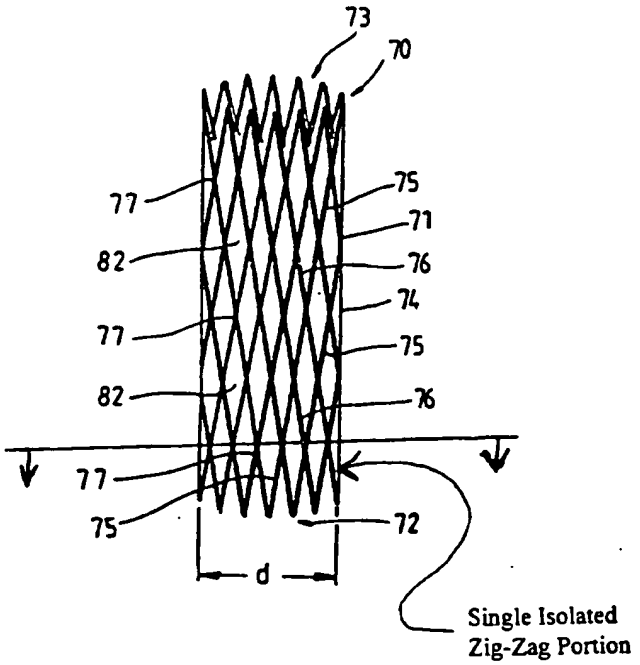
AVE has argued that a single portion of the stent shown in Figure 4 of ACS's '955 patent, if isolated from the rest of the stent, may be compared with the zig-zag stent

[6]Indeed, based on the information contained in AVE's brief, it is difficult to determine what aspect of the Boneau stent design was not publicly known.

depicted in the Boneau patents. However, that reasoning is at odds with the way the Boneau stent was described to the Patent Office.

During prosecution, the Patent Office Examiner took the position that a single isolated portion of the balloon-expandable stent depicted in U.S. Patent No. 4,776,337 to Palmaz (Exhibit H hereto) (Bebko Aff., ¶ 2), which is prior art to the Boneau patents, results in a device essentially identical to the Boneau device. As depicted below in Fig. 5 (which is a modified figure from the Palmaz patent), when one views just a single isolated zig-zag portion of the Palmaz stent in the absence of the rest of the stent, the resulting device is a zig-zag structure like the one described in the Boneau patent.

FIGURE 5: PALMAZ STENT



AVE strenuously opposed the Examiner's attempts to isolate just a portion of the Palmaz device, arguing that it was improper to compare the Boneau stent to just a portion of another device. In its arguments on appeal, AVE argued as follows:

> "Again, the Examiner has resorted to excising the parts [of Palmaz] he finds helpful, and ignoring the rest." (Applicant's Appeal Brief, p. 6) (Exhibit I hereto).
>
> ". . . how would a person of ordinary skill in the art . . . make the logical step to cut off most of Palmaz' stent? The simple answer is: He wouldn't, without having [Boneau's] invention before him." (Applicant's Reply Brief, p. 4) (Exhibit J hereto) (Bebko Aff., ¶ 2).
>
> "The Examiner's dissection of the Palmaz device to find anticipation should not be permitted under the reasoning in Lindemann Maschinenfabrik GMBH v. American Hoist & Derrick, 221 USPQ 481, 486 (Fed. Cir. 1984), where the court stated that the reference claims used to support an anticipation rejection had wrongly been treated 'as mere catalogs of separate parts, in disregard of the part-to-part relationships set forth in the claims and that give the claims their meaning.' Like the Examiner in Lindemann [sic], the Examiner in the instant case has used sections of the Palmaz stent while disregarding the clear teaching in Palmaz of a mesh stent." (Applicant's Reply Brief, p. 4) (Exhibit J hereto) (Bebko Aff., ¶ 2).

AVE's arguments against isolating just part of the Palmaz stent for comparision with the Boneau device were accepted by the PTO Board of Patent Appeals, which viewed the device depicted in Palmaz "as a whole" and noted the inappropriateness of "ignoring the remaining structure of Palmaz." (Appeal No. 93-0992, Decision on Appeal, p. 8) (Exhibit K hereto) (Bebko Aff., ¶ 2).

In a reversal from their arguments during prosecution of Boneau, AVE now argues that isolating portions of the ACS device is appropriate for purposes of showing technology misappropriation and patent infringement. This is entirely inconsistent with AVE's position during prosecution of the Boneau patent, wherein AVE strenuously objected to the Examiner's isolating portions of the Palmaz device.

E. ACS's Trial Counsel And Access To Confidential Information.

At this time, Richard Bardin, Craig Bailey and Richard Cates are expected to be lead trial counsel for ACS. They will be bound by the confidentiality orders entered in these cases, as will any other attorney at the Fulwider firm, or at ACS, who has access to confidential AVE material.[7] Indeed, after AVE moved to disqualify the Fulwider firm, it allowed attorneys from Fulwider to participate in the preliminary injunction proceedings initiated by Cordis against AVE in the 98-550-SLR action. During those proceedings, attorneys at Fulwider had access to confidential AVE documents and deposition testimony without objection by AVE. There is certainly no reason to believe that Fulwider attorneys are any less likely to respect confidentiality designations in this case than they did in the Cordis v. AVE case.[8]

I. ARGUMENT

Without citing a case on point, and ignoring case law and the Model Rules of Professional Conduct to the contrary, AVE asks this Court to disqualify its adversary's trial counsel because (1) attorneys at that firm cannot be trusted with its confidential information and (2) the firm's appearance would create a "full-blown conflict of interest."[9] OB at 9-10.

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[7]AVE filed its motion to disqualify without first attempting to negotiate a form of confidentiality order which could address its concerns.

[8]It is significant to note that while AVE objects to providing its confidential information to outside counsel for ACS in this case, in a draft protective order recently proposed by AVE in Cordis, C.A. No. 98-550-SLR (Exhibit L hereto) (Bebko Aff., ¶ 2), AVE's own in-house patent prosecution counsel Richard Klein was named by AVE as an authorized recipient of highly confidential information.

[9]In support of a potential "full-blown conflict of interest," AVE cites cases dealing with the imputed knowledge theory prohibiting representation against a former client in a related matter. OB at 9 n.3. These cases are simply inapposite. The imputed knowledge theory is premised upon the rule of professional conduct which prohibits an attorney from representing a new client that would be in conflict or adverse to a former client in a related

Fatally for AVE, however, its insinuations against the attorneys at the Fulwider firm are supported neither by the law nor the facts. At best, AVE's motion is an unfortunate early trial tactic either (1) to make it difficult for ACS to find capable trial counsel familiar with the patents in suit or (2) to allow AVE to take early discovery from ACS on the underlying claims without exposing itself to discovery on its alleged trade secrets. As stated below, AVE's arguments are without merit and AVE's motion should be denied.

A. AVE Cannot Meet Its Heavy Burden Of Proof.

Motions to disqualify opposing counsel are disfavored. A.I. Credit Corp. v. Providence Washington Ins. Co., Inc., C.A. No. 96 Civ. 7955, 1997 WL 231127, at *1 (S.D.N.Y. May 7, 1997) (Exhibit M hereto). "[D]isqualification is a measure to be taken only after a cautious examination of the circumstances has shown it to be necessary." O.S. deBraak, Ltd. v. Weymouth Equip. Corp., C.A. No. 86-404-CMW, 1987 WL 18093, at *2 (D. Del. Sept. 30, 1987) (Exhibit N hereto). Disqualification of an attorney impedes Sixth Amendment concerns that favor the freedom to be represented by counsel of one's own choosing. In re American Cable Publications, Inc., 768 F.2d 1194, 1196 (10th Cir. 1985). See also Mitts & Merrill, Inc. v. Shred Pax Corp., 112 F.R.D. 349, 353 (N.D. Ill.), aff'd, C.A. No. 79C 3379, 1986 WL 466 (N.D. Ill. 1986) (motions to disqualify another party's chosen trial counsel are disfavored). Disqualification motions also are disfavored as a

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matter. Courts assume that in an attorney-client relationship the client has shared confidences which adversely affect the former client in the lawyer's present representation. See, e.g., Rosenfeld Constr. v. Superior Ct., 286 Cal. Rptr. 609, 612 (Cal. App. 1991) (cited by AVE). Moreover, any problems of future representation based on imputed knowledge can be waived by consent of the clients. See, e.g., Calif. Rule of Professional Conduct 3-310.

Unlike past confidences shared in a attorney-client relationship, the concerns presented by representation against a former client are not implicated here. Any future information disclosed by AVE in its adversarial relationship with the Fulwider firm can be limited or restricted without impairing the ability of either party's counsel to adequately represent their client.

litigation tactic.[10] See, e.g., Chiron Corp. v. Abbott Labs., 156 F.R.D. 219, 221 (N.D. Cal. 1994) (noting that specious allegations of inequitable conduct give rise to disqualification motions which can be used as "a delaying tactic, as an attempt to confuse the issues or mislead the court, or as a tool to generate more fees or make the case more expensive . . . to settle"); Optyl Eyewear Fashion Int'l Corp. v. Style Co., 760 F.2d 1045, 1050 (9th Cir. 1985) (recognizing that disqualification motions are often misused for tactical purposes)[11]; The Delaware Lawyers' Rules of Professional Conduct Preamble: Scope (effective Oct. 1, 1985) (explaining that the Rules are "subverted when they are invoked by opposing parties as procedural weapons").[12] As a result, courts require the party seeking disqualification of opposing counsel to meet a high standard of proof before disqualification will be granted. Evans v. Artek Sys. Corp., 715 F.2d 788, 791 (2d. Cir. 1983). See also Cohen v. Oasin, 844 F. Supp. 1065, 1067 (E.D. Pa. 1994) ("The party seeking to disqualify opposing counsel bears the burden of clearly showing that continued representation would be impermissible.").

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[10]These tactics are disfavored because "[a] client whose attorney is disqualified incurs a loss of time and money in being compelled to retain new counsel who in turn have to become familiar with the prior comprehensive investigation which is the core of modern complex litigation. The client moreover may lose the benefit of its longtime counsel's specialized knowledge of its operations." Government of India v. Cooks, Indus., Inc., 569 F.2d 737, 739 (2d Cir. 1978).

[11]Actually, in Optyl Eyewear, a trademark case, the Court imposed sanctions upon the party moving for disqualification because the motion was "utterly without merit" and was brought in bad faith for tactical reasons. Id. at 1050. At this time, ACS is not seeking sanctions against AVE for seeking to disqualify the Fulwider firm. After briefing is complete, however, ACS reserves all relief available to it with respect to AVE's motion.

[12]See also Geoffrey C. Hazard and W. William Hodes, The Law of Lawyering: A Handbook on The Model Rules Of Professional Conduct, § 1.7:103 (2d ed. 1994 and Supp. 1998) (noting that disqualification motions under the Model Rules in private litigation have "engendered a serious problem of both law and morality, namely the use of the disqualification motion as a tactical or strategic weapon. Lawyers too often gain time or other advantage by moving to disqualify opposing counsel on grounds that are frivolous or nearly so.").

While "courts should be quite hesitant to disqualify an attorney," Telectronics Proprietary, Ltd. v. Medtronic, Inc. 836 F.2d 1332, 1336 (Fed. Cir. 1988), the disqualification of an entire firm should give a court even more pause. "[A]ttorney disqualification, particularly the disqualification of an entire firm, is a sanction that must not be imposed cavalierly." Federal Deposit Ins. Corp. v. United States Fire Ins. Co., 50 F.3d 1304, 1316 (5th Cir. 1995) (emphasis added).[13] Here, AVE cannot justify the disqualification of the entire Fulwider firm.

B. Disqualification Of Any Fulwider Attorney Is Inappropriate In This Instance.

AVE has cited no authority supporting its assertion that a law firm should be disqualified from acting as trial counsel on the hypothetical ground that the firm's lawyers: (1) may gain confidential information in the litigation, (2) may at some point in the future prosecute patents in related technology, and (3) may violate their legal and ethical obligations by using such confidential information obtained during the litigation for their own gain or for that of their client. In the absence of any supporting authority, AVE, nevertheless, requests that this Court deny ACS the benefit of representation by trusted litigation counsel of its choosing. AVE's motion is a tactic to gain an unwarranted advantage over ACS by denying it the services of the Fulwider firm as trial counsel.

1. Courts Have Resisted Efforts to Disqualify Counsel Where There is No Present Conflict.

Although no court has passed on a motion as extraordinary as AVE's present motion, where, as here, there is no present conflict or prejudice, courts have denied motions

[13]In Federal Deposit, the Court held that the although one member of the firm was likely to be called as a witness on the issue of bad faith, the disqualification of the entire firm was not warranted. Id. at 1315.

to disqualify. See Lemelson v. Synergistics Research Corp., 504 F. Supp. 1164 (S.D.N.Y. 1981) (denying motion to disqualify brought against counsel who was alleged to have received confidential information from movant during prior representation where court found no unfair advantage or threat to the integrity of the proceedings); Rice v. Baron, 456 F. Supp. 1361 (S.D.N.Y. 1978) (denying motion to disqualify where movant failed to show prejudice required for disqualification under Canon 5 of the ABA Code of Professional Responsibility); Foster Wheeler Corp. v. Babcock & Wilcox Co., 440 F. Supp. 897 (S.D.N.Y. 1977) (denying a motion to disqualify attorneys who acted as patent counsel and litigation counsel where there was no evidence of wrongful conduct by counsel). AVE's motion is a trial tactic which is not directed to any present conflict or injury and it should be denied.

Nevertheless, as stated below, a confidentiality order can be drafted that is sufficient to protect AVE's interests.

2. A Confidentiality Order Is The Appropriate Tool For Protecting Confidential Information In Patent Cases.

In any intellectual property case, there exists a tension between the need to protect a litigant's confidential information and the right of an opponent to access information to present a claim or defense. E. I. DuPont de Nemours & Co. v. Phillips Petroleum Co., 219 U.S.P.Q. 37, 38 (D. Del. 1982) (recognizing the "tension" between the competing interests).[14] Federal courts deciding intellectual property cases have long held

[14]AVE does not specifically identify the confidential information it will produce in this case. Much of the discovery undoubtedly will be publicly available information or material that is not patent-sensitive. Even in the technology area, a great amount of information about AVE's stent design already exists in the public domain. Even assuming, however, without conceding, for purposes of this motion that AVE will need to produce some highly confidential information pertaining to its stent technology, such production is not uncommon in patent cases. Many of the cases cited by AVE stand for (1) the unremarkable

that the appropriate balance is struck through the use of a confidentiality order limiting access to confidential information and restricting the use of the information to the litigation. See Quotron Sys., Inc. v. Automatic Data Processing, Inc., 141 F.R.D. 37, 40 (S.D.N.Y. 1992) ("Protective orders that limit access to certain documents to counsel and experts only are commonly entered in litigation involving trade secrets and other confidential research, development, or commercial information."). See also Charles A. Wright, et al., Federal Practice and Procedure § 43 (2d ed. 1994) ("The most common kind of order allowing discovery on conditions is an order limiting the persons who are to have access to the information disclosed and the use to which these persons may put the information.").

This Court has followed that practice in patent cases. See Safe Flight Instrument Corp. v. Sunstraud, 682 F. Supp. 20, 23 (D. Del. 1988) (entering a confidentiality order granting access by party's in-house counsel to opponent's confidential information where attorney was admitted to the bar of the Court and subject to the Court's disciplinary rules); Scovill Mfg. Co. v. Sunbeam Corp., 61 F.R.D. 598, 602 (D. Del. 1973) (entering confidentiality order limiting disclosure of confidential information to trial counsel); Struthers Scientific and Int'l Corp. v. General Foods Corp., 51 F.R.D. 149, 153-55 (D. Del. 1970) (permitting discovery pursuant to confidentiality orders). Federal courts are confident in the use of confidentiality orders because they have the power to impose severe sanctions for violations of the terms of such an order. See, e.g., Hi-Tek Bags Ltd. v. Bobtron Int'l, Inc., 144 F.R.D. 379, 384 (C.D. Cal. 1992) (civil contempt and dismissal with prejudice).[15]

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proposition that such production must occur (OB at 11-12) or (2) that under certain circumstances need not be produced. OB at 12-13. In any event, none of the cases require the disqualification of an entire law firm under the facts present here.

[15]Of course, to warrant the entry of a protective order prohibiting disclosure of certain documents at all, AVE would have to establish (1) that there is confidential information

In fact, in Struthers Scientific, this Court found a confidentiality order sufficient to protect a party's confidential information even in the face of allegations that an opponent had misused confidential information already provided during discovery. 51 F.R.D. at 153. Struthers was in the business of selling know how to General Food's competitors. Id. General Foods attempted to resist Struther's discovery on the ground that Struthers had shown a propensity to misuse General Foods' trade secrets already disclosed in discovery. Although the record was not clear, the Court rejected General Foods' argument noting:

> The discovery of both parties is subject to protective orders. If such orders are violated, the parties have their respective rights thereunder.

Id. at 154-55.

The Fulwider attorneys who will act as trial counsel in this matter will be admitted pro hac vice, will be subject to this Court's disciplinary rules, see D. Del. L.R. 83.5 and will be bound by the confidentiality order entered. In addition, consistent with the general practice in this Court, ACS is willing to have designated persons receiving the confidential information execute an appropriate undertaking in which they submit to the jurisdiction of the Court for enforcement of the confidentiality order. See E. I. DuPont de Nemours & Co. v. Phillips Petroleum Co., 219 U.S.P.Q. 37 (D. Del. 1982) (permitting

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sought through discovery; (2) that AVE would be harmed by disclosure; and (3) that there is good cause for the entry of the order. Fed.R.Civ.P. 26(c); Zenith Radio Corp. v. Matsushita Elec. Indus. Co. Ltd., 529 F. Supp. 866, 889-890 (E.D. Pa. 1981). AVE would be required to come forward with specific facts to support the request for entry of a protective order. Cipollone v. Liggett Group, Inc., 785 F.2d 1108, 1121 (3d Cir. 1986). AVE of course has made only conclusory statements about general categories of documents it expects ACS might request. Accordingly, any such motion at this stage of this case -- before discovery has even begun -- would be premature. See Wright & Miller, § 2043. Here, ACS is willing to negotiate a standard confidentiality stipulation with AVE which will guard against any misuse of confidential information.

disclosure where those persons receiving confidential material would execute sworn statements to be bound by the confidentiality order and submit to the jurisdiction of the Court). Under such an order, this Court will also retain the ability to enforce the order after the present litigation is concluded. In the event either party or counsel for either party violates the order, the aggrieved party will have its remedy. Struthers Scientific, 51 F.R.D. at 154-55.

AVE is not aided in its efforts to disqualify the Fulwider firm by decisions it cites which recognize that precautions are appropriate to protect confidential information. For instance, any reliance by AVE upon Motorola, Inc. v. Interdigital Technology Corporation, C.A. No. 93-488-LON, 1994 U.S. Dist. LEXIS 20714 (D. Del. Dec. 19, 1994), is misplaced. (Exhibit O hereto). The Court in Motorola implicitly rejected the notion that a law firm should be disqualified simply because it acts in the dual role of patent prosecution counsel and litigation counsel. 1994 U.S. Dist. LEXIS 20714. Instead, the Motorola court actually extended the restrictions in a stipulated confidentiality order to prevent the risk of inadvertent use of an opposing party's confidential information. 1994 U.S. Dist. LEXIS 20714, at *19. In imposing restrictions upon attorneys in the litigation, the Motorola court was faced with an existing conflict which had arisen during discovery and after voluminous confidential information had been produced to the law firm performing the challenged dual role. Motorola, 1994 U.S. Dist. LEXIS 20714, at *17-19.

In the instant case, this Court has the power to consider in advance of disclosure the nature of any particular confidential documents or testimony and fashion safeguards that are appropriate in relation to the information to be protected.[16] Accordingly, there is no

[16]The particular restrictions imposed in Motorola are inappropriate here. The instant case is more like the situation distinguished in Motorola - "a situation where a client decided

reason to believe that a confidentiality stipulation will not work as well here as in other patent cases in this Court.

3. **ACS's Choice of Counsel Should be Respected.**

Absent from AVE's brief is any recognition that a party should be able to retain the counsel of its choosing. Disqualifying an attorney denies a client of his right to be represented by its counsel of choice which "is an important one, subject to override only upon a showing of compelling circumstances." Chapman Eng'rs, Inc. v. Natural Gas Sales Co., 766 F. Supp. 949, 954 (D. Kan. 1991); Rounick v. Fireman's Fund Ins. Co., C.A. No. 95-7086, 1996 WL 269495, at *2 (E.D. Pa. May 20, 1996) ("The disqualification of a lawyer is generally disfavored because it deprives the party of his choice of counsel.") (Exhibit P hereto). "The right of a party to be represented in litigation by the attorney of his or her choice is a significant right and ought not be abrogated in the absence of some indication the integrity of the judicial process will otherwise be injured . . . ." Smith, Smith & Kring v. Superior Court, 70 Cal. Rptr. 2d 507, 511 (Cal. App. 1997) (citations omitted). See also In re American Cable Publications, Inc., 768 F.2d 1194, 1196 (10th Cir. 1985) (explaining that "[i]mportant Sixth Amendment right to counsel principles are at issue in this situation. [The defendant] has an unquestioned right to self-representation . . . A corollary to that is representation by counsel of his choosing.").

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that it would be efficient to retain trial counsel who had prosecuted the particular patent in the past." 1994 U.S. Dist. LEXIS 20714, at *16. In contrast to the facts presented to the Motorola court, this is not a case where ACS has retained new counsel to represent it in the instant litigation and then decided to have the same counsel take over the prosecution of related patent applications in the future. See Motorola 1994 U.S. Dist. LEXIS 20714, at *18. ACS has a long standing relationship with the Fulwider firm. The Fulwider firm has developed a sophisticated knowledge of the technology at issue in this case and ACS is entitled to the benefit of that expertise in this action. (Barclay Decl., ¶ 5).

Motions to disqualify are often disguised attempts to divest opposing parties of their counsel of choice. Kalmanovitz v. G. Heileman Brewing Co., 610 F. Supp. 1319, 1323 (D. Del. 1985) (quoting J.P. Foley & Co., Inc. v. Vanderbilt, 523 F.2d 1357, 1360 (2d Cir. 1975) (Gurfein, J., concurring)) ("The attempt by an opposing party to disqualify the other side's lawyer must be viewed as a part of the tactics of an adversary proceeding. As such it demands judicial scrutiny to prevent liberalism from possibly overcoming substantial justice to the parties."). Again, because of the potential for misuse "disqualification motions should be subjected to 'particularly strict judicial scrutiny'." Optyl Eyewear Fashion Int'l Corp. v. Style Co. Ltd., 760 F.2d 1045, 1050 (9th Cir. 1985). See also Security General Life Ins. Co. v. Superior Court, 718 P.2d 985, 988 (Ariz. 1986) (en banc) ("the obvious dangers inherent in such a practice and the importance of the right to have the counsel of one's choice require careful scrutiny of the facts before such a result is permitted"). This Court has also recognized that motions to disqualify are often tactical actions to deny an opponent its choice of counsel. See Cannon Airways, Inc. v. Franklin Holdings Corp., 669 F. Supp. 96, 99 (D. Del. 1987) (explaining that motions to disqualify are misused as a tactical device to disrupt an opposing party's preparation for trial); Kalmanovitz, 610 F. Supp. at 323 (noting that motions to disqualify must be scrutinized because they can be a tactical device).

AVE knows too well that law firms who prosecute patents often litigate those patents against their clients' competitors. Because AVE has not objected to Fulwider's review of confidential information in the Cordis case, it may be assumed that all AVE seeks to accomplish in its motion is to deny ACS of its counsel of choice in this action. In addition, AVE's motion, if granted would chill the common practice in this Court for companies to retain capable law firms familiar with the patents in suit. It would require such

companies to hire at least two sets of attorneys, one to prosecute the patents and one to litigate them and would require segregation of those attorneys to the detriment of their clients. ACS respectfully suggests this is a precedent the Court should not establish. ACS has a right to its choice of counsel, and that right should not be disturbed.

C. Under Model Rule 3.7 Of Professional Responsibility AVE's Motion Must Be Denied.

AVE suggests that because one or more of the attorneys in the Fulwider firm "may" have played a role in the events surrounding the alleged misappropriation that the law necessitates the disqualification of the entire Fulwider firm. OB at 15-16. This argument is contrary to the law and the facts. Model Rule of Professional Responsibility 3.7(a) states:

> (a) A lawyer shall not act as advocate at a trial in which the lawyer is likely to be a necessary witness except where:
>
> (1) the testimony relates to an uncontested issue;
> (2) the testimony relates to the nature and value of legal services rendered in the case; or
> (3) disqualification of the lawyer would work substantial hardship on the client.
>
> (b) A lawyer may act as advocate in a trial in which another lawyer in the lawyer's firm is likely to be called as a witness unless precluded from doing so by Rule 1.7 or 1.9.

Thus, AVE must first prove that a particular attorney would be a "necessary" witness. Regardless of whether an attorney of the Fulwider firm is held to be a necessary witness, the disqualification would still not be warranted if it would impose a substantial hardship on ACS. Finally, even if AVE could prove that an attorney at the Fulwider firm would be a necessary witness at trial, the law does not require the exclusion of the entire firm from representing ACS in this present litigation. The court may disqualify only the necessary

witness from acting as trial counsel. Of course, that attorney-witness may still participate in other aspects of the litigation.

1. AVE Fails To Show That Any Attorney Of The Fulwider Firm Is Likely To Be A Necessary Witness.

An attorney will not be disqualified because he or she might be a prospective witness. Schwartz v. Indus. Valley Title Ins., C.A. No. 96-5677, 1997 WL 330366, at *6 (E.D. Pa. Jun. 5, 1997) (Exhibit Q hereto). In order to establish grounds for disqualification of an attorney, AVE must show that the attorney is a necessary witness.[17] An attorney is a necessary witness if his or her testimony: (i) is material and relevant to the litigated issues, (ii) contains information that is unobtainable elsewhere, and (iii) is prejudicial or potentially prejudicial to the attorney's client. Leonard v. University of Delaware, C.A. No. 96-360, 1997 WL 158280, at *3 (D. Del. Mar. 20, 1997) (citations omitted) (citing numerous cases interpreting Rule 3.7) (Exhibit R hereto). Because of the potential for abuse, courts have applied a restrained approach in determining whether an attorney is a necessary witness.[18] Summagraphics Corp. v. Sanders Assocs. Inc., 19 U.S.P.Q.2d 1859, 1860-61 (D. Conn. 1991). Accordingly, the moving party needs to make "more than a showing that the testimony is relevant, material, and necessary." Id. at 1861. Of course, if the lawyer's testimony is cumulative, disqualification is not required because the attorney is no longer a "necessary" witness. Cannon Airways, Inc. v. Franklin Holdings Corp., 669 F. Supp. 96, 100 (D. Del

[17]"Likely to be a necessary witness" language of Rule 3.7 is more restrictive than the former "ought to be called as a witness" language of D.R. 5-101(B) and DR 5-102(A). Cannon Airways, Inc. v. Franklin Holdings Corp., 669 F. Supp. 96, 99 (D. Del. 1987). Accordingly, this places a greater burden on the party seeking disqualification. Id.

[18]Seeking to depose opposing counsel is "not encouraged and is typically permitted only where a clear need is shown." Pyne IV v. Procacci Bros. Sales Corp., C.A. No. 96-7314, 1997 WL 634370, at *2 (E.D. Pa. Oct. 8, 1997) (citations omitted) (Exhibit S hereto).

1987). "In short, Rule 3.7 ensures a litigant's choice of trial counsel will not be lightly disturbed." Leonard, 1997 WL 158280, at *3.

Here, the only attorney alleged to have had knowledge of the alleged misappropriation of trade secrets at the time in question was Lynch. He is no longer with the Fulwider firm. By AVE's own admission, Nagy started work on prosecution of the patents in suit long after the alleged misappropriation occurred. Hence, AVE cannot show that a Fulwider attorney is likely to be called as a witness or to have relevant information in their possession.

AVE relied on the fact that two of the attorneys that have been identified as trial counsel were identified on the power of attorney for the patent application at issue. OB at 16. Even if true, this is simply irrelevant. No member of ACS's trial counsel team was involved in the preparation and filing of that application. (Barclay Decl., ¶ 6). Therefore, it is impossible for any member of the trial counsel team to have personal knowledge that is material and relevant to the alleged misappropriation. Because AVE cannot show that ACS's trial counsel possess any material or relevant information, it follows that AVE will be unable to show that any attorney of the Fulwider firm is a necessary witness.[19]

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[19]Finally, AVE inexplicably denotes a substantial portion of its brief to addressing the holding in Securities and Exchange Comm'n v. Rana Research, Inc., C.A. No. 89-1865-AAH 1990 WL 267365, Fed. Sec. L. Rep. ¶ 95,750 (C.D. Cal. 1990), aff'd, 8 F.3d 1358 (9th Cir. 1993) (Table) (Exhibit T hereto). In Rana Research, the attorney was disqualified, but only because he confused his role as witness and trial counsel in a securities fraud case. He issued a press release about a securities offering that he knew was fraudulent. Rana Research is inapplicable because the trial counsel there acted outside his role as counsel as an active individual participant in a common scheme of fraud. No present member of the Fulwider firm is in a similar situation.

2. Disqualification Of The Entire Fulwider Firm, Even If A Fulwider Attorney Is A Necessary Witness, Will Impose A Substantial Hardship on ACS.

Courts recognize that "disqualification usually imposes a substantial hardship on the disqualified attorney's innocent client, who must bear the monetary costs of finding a replacement." Gregori v. Bank of Am., 254 Cal. Rptr. 853 (Cal. App. 1989). Pursuant to Model Rule 3.7, a court should not disqualify an attorney, even if that attorney is a necessary witness, if it would impose a substantial hardship on the client. Certainly, a court normally would not disqualify an entire law firm because one attorney in that firm becomes a necessary witness. To do otherwise, would impose a substantial hardship on the client. Case law implicitly supports this proposition. See, e.g, Stolp v. Sollas Corp., C.A. No. 96-0723 1997 WL 83750, at *11 (E.D. Pa. Feb. 21, 1997) (Exhibit U hereto) (failing to recognize a substantial hardship argument by the nonmoving party because the court held that although one attorney in the firm would be disqualified as a necessary witness, that attorney could still participate in other aspects of the case and choose another attorney in his firm to be trial counsel, and accordingly the client would still have the benefits of its chosen counsel's firm). (Exhibit V hereto).

ACS will suffer a substantial hardship if the Fulwider firm is disqualified. The disqualification would impose a substantial hardship, not only in monetary expenses and time delays in preparation, but also through the loss of Fulwider's specialized expertise in both patent prosecution and litigation. (Barclay Decl., ¶¶ 3, 5). As mentioned before ACS and Fulwider have maintained an attorney-client relationship since 1987. (Barclay Decl., ¶¶ 3, 5). This relationship has included ACS's reliance on the Fulwider firm in other litigation involving many of the same patents and technologies at issue in the instant action.

(Barclay Decl., ¶¶ 3, 5). Additionally, causing ACS to retain new counsel would lead to confusion and higher costs in coordinating all of its outstanding patent litigation. (Barclay Decl., ¶ 5).

3. Even If A Fulwider Attorney Will Be A Witness At Trial, Rule 3.7 Does Not Require Disqualification Of The Entire Firm.

Regardless of whether any current member of the Fulwider firm is deemed to be a necessary witness, "the language of the Rule [3.7] itself, as well as cases interpreting it, do not require a lawyer to be disqualified from representing a client even if Rule 3.7 is violated. The Rule only prevents a lawyer who will be a witness from acting as an "advocate at trial." Caplan v. Braverman, 876 F. Supp. 710, 711 (E.D. Pa. 1995). Thus, it would be unnecessary to disqualify the entire firm in the event that an attorney is deemed to be a necessary witness. Further, as noted above, Model Rule 3.7(b) states that a lawyer may act as an advocate in a trial in which another lawyer in the lawyer's firm is likely to be called as a witness. In other words, Rule 3.7(b) permits another lawyer in the witness-lawyer's firm to act as trial counsel. In re ML-Lee Acquisition Fund II, 848 F. Supp. 527, 556 (D. Del. 1994). See also Caplan, 876 F. Supp. at 712 ("Rule 3.7 specifically provides that a firm is not vicariously disqualified along with an attorney" of that firm). Thus, trial counsel and attorney-witnesses can be members of the same firm. Federal Deposit Ins. Corp. v. United States, 50 F.3d 1304, 1316 (5th Cir. 1995). Therefore, even if an attorney "may" be the subject of discovery or a possible witness in a case, it is not grounds for disqualifying the entire firm. See Pyne IV v. Procacci Bros. Sales Corp., C.A. No. 96-7314, 1997 WL 634370, at *1, 3 (E.D. Pa. Oct. 8, 1997) (refusing to disqualify entire firm because one attorney may be a witness due to that attorney's alleged misrepresentation).

Here, the only possible witness AVE could call is Nagy due to his work for ACS in the prosecution of the patents in suit in late 1992. However, Nagy's appearance at trial would not preclude others of his firm from serving as trial counsel.

4. Rule 3.7 Does Not Bar An Attorney-Witness From Pre-trial And Post-trial Proceedings.

Even if the Court limits certain Fulwider attorneys such as Mr. Nagy from acting as trial counsel, Rule 3.7 does not preclude that attorney from participating in pre-trial and post-trial proceedings, including discovery. See Lebovic v. Nigro, C.A. No. 96-319, 1997 WL 83735, at *1 (E.D. Pa. Feb. 26, 1997) (holding that nothing in Rule 3.7 prohibits a disqualified attorney from assisting a party "in all pre-trial matters, including discovery"). (Exhibit V hereto). The Third Circuit recognizes that "simply because an attorney must 'decide whether to serve either as an advocate or a witness in a particular case' should not be a valid basis to exclude the attorney from being privy to pretrial discovery material that is subject to a protective order of confidentiality." Siblerline Mfg. Co., Inc. v. Int'l Nickel Co., Inc., 569 F.2d 1217, 1219 n. 2 (3d Cir. 1977) (citations omitted).

"[N]othing in Rule 3.7 prohibits [the attorney-witness] from representing Defendant during the pre-trial and post-trial phases of this litigation." Rounick v. Fireman's Fund Ins. Co., C.A. No. 95-7086, 1996 WL 269495, at *1 (E.D. Pa. May 20, 1996). Further, the case law clearly holds that a disqualified attorney-witness is only disqualified from acting as an advocate at trial and is not disqualified from participating at trial other than as an advocate, or in the pre-trial and post-trial proceedings. See, e.g., Brotherhood Ry-Carmen v. Delpro Co., 549 F. Supp. 780, 790 (3d Cir. 1982); Caplan v. Braverman, 876 F. Supp. 710, 711 (E.D. Pa. 1995) (only applies to acting as advocate at trial.); Kabi Pharmacia AB

v. Alcon Surgical, Inc., 803 F. Supp. 957, 963 (D. Del. 1992) (same); ABA Informal Op. 89-1529 (Oct. 20, 1989) (Rule 3.7 applies to trial, not to pre-trial and post-trial proceedings.).[20]

Thus, even if this Court should hold that Rule 3.7 excludes, for example, Nagy from acting as a trial advocate for ACS, this Court should simultaneously hold that the Rule does not exclude Nagy from acting in any other capacities on ACS's behalf. Specifically, Rule 3.7 does not provide that an attorney-witness from the Fulwider firm would be excluded from any pre-trial or post-trial preparations or proceedings, including discovery. The Rule also does not exclude an attorney-witness from the Fulwider firm from participating at trial in other ways which would not confuse the jury as to the role of that attorney-witness.

5. Even If Certain Attorneys At The Fulwider Firm Are Held To Be Necessary Witnesses, ACS Can, and Has, Consented To The Fulwider Firm Continued Representation In This Action.

"[The court] should consider the ends that the disciplinary rule is designed to serve and any countervailing policies, such as permitting a litigant to retain the counsel of his choice and enabling attorneys to practice without excessive restrictions." United States v. Miller, 624 F.2d 1198, 1201 (3d Cir. 1980). Rule 3.7 is designed to protect the client. If the client consents to his or her attorney's continued representation despite the fact that the attorney will testify at the trial, then the disqualification of that attorney will not serve the ends of Rule 3.7.

[20]In fact, Rule 3.7 was changed from a previous rule which stated that such an attorney-witness "shall not accept employment." DR 5-101.

Under Rule 3.7 in conjunction with Rule 1.7(b)[21] the client may consent to his or her attorney's continued representation after full disclosure and consultation. Caplan, 876 F. Supp. at 712-13. Above all, the lawyer's duty under Rule 1.7 must be one of loyalty to the client. Nemours Found. v. Gilbane, Aetna, Fed. Ins. Co., 632 F. Supp. 418 (D. Del. 1986). Accordingly, if the lawyer believes that the continued representation will not be adversely affected and the client consents, then the opposing party and the court should respect the client's decision.

Likewise, California has recognized that a "fully informed client's right to chosen counsel outweighs potential conflict or threat to trial integrity posed by counsel's appearance as witness."[22] Maxwell v. Superior Ct., 639 P.2d 248, 255 n.9 (Cal. 1982). As a result, counsel need not withdraw from a case if the client consents. Id. "[I]f a party is willing to accept less effective counsel because of the attorney's testifying, neither his opponent nor the trial court should be able to deny this choice. . . ." Lyle v. Superior Ct., 122 Cal. App.3d 470, 471 (Cal. App. 1981). The fact that the client has consented to his or her attorney's participation in a dual capacity at trial must be given great weight. Reynolds v. Superior Ct., 177 Cal. App. 3d 1021, 1028 (Cal. App. 1986). Finally, when the court is

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[21]Model Rule of Professional Conduct 1.7(b):

(b) A lawyer shall not represent a client if the representation of that client may be materially limited by the lawyer's responsibilities to another client or to a third person, or by the lawyer's own interests unless:

(1) the lawyer reasonably believes the representation will not be adversely affected; and

(2) the client consents after consultation.

[22]Accordingly, ACS does not dispute AVE's assertion that the California Rules of Professional Conduct allow an attorney to continue a representation despite a conflict if the attorney obtains the client's informed written consent. OB at 18. Additionally, ACS does not dispute AVE's assertion that the Model Rules also allow a consent exception to the general rule that a lawyer shall not represent a client if the representation of that client may be materially adverse to the lawyer's own interest. OB at 19.

balancing the competing interest of maintaining the integrity of the judicial proceeding, close cases should be resolved in favor of a client's representation by an attorney of choice. Lyle, 122 Cal. App.3d at 482.

Here, ACS is fully aware of the consequences to Fulwider's continued representation. ACS, after careful consideration, has consented to the continued representation of the Fulwider firm. (Barclay Decl., ¶ 7).[23] If ACS has consented to continued representation, the loyalty of the Fulwider firm and the effect on ACS should not be questioned by AVE.

The criminal cases cited by AVE involving disqualification of trial counsel despite consent because the lawyer's interests were held to be adverse to the client's are inapposite here because of the distinct differences between civil and criminal law as well as

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[23]AVE implies that Fulwider attorneys may be witnesses at trial and may have participated "in actions that may lead to (their) own liability." OB at 17. Notwithstanding this sheer speculation, disqualification is not necessary when the parties consent after being informed of the risks of multiple representation. A.I. Credit Corp. v. Providence Washington Ins. Co., Inc., C.A. No. 96 Civ. 7955, 1997 WL 231127 (S.D.N.Y. May 7, 1997). Of course, written consent is required whenever an attorney represents two or more clients in the same matter. Zador Corp. v. Kwan, 37 Cal. Rptr. 2d 754, 759 (Cal. App. 1995). See also Cal. Prof. Conduct Rule 3-310 cmt. (1997) (stating that in situations of concurrent representation of multiple parties "for the sake of convenience or economy, the parties may well prefer to employ a single counsel, but a member [of the bar] must disclose the potential adverse aspects of such multiple representation and must obtain the informed written consent of the clients."). Thus, if informed written consent is obtained two defendants may share the same attorney.

Clearly, AVE is well aware that two parties can agree to shared representation as evidenced by its citation to Klemm v. Superior Court, 142 Cal. Rptr. 509, 512 (Cal. App. 1977). OB at 18. The Klemm court recognized that "if the conflict is merely potential, there being no existing dispute or contest between the parties represented as to any point in litigation, then with full disclosure to and informed consent of both clients there may be dual representation at a hearing or trial." Id. (citing Burum v. State Compensation Ins. Fund, 184 P.2d 505 (Cal. 1947); Lysick v. Walcom, 258 Cal. App. 2d 136, 146-147 (Cal. App. 1968)).

penalties.[24] Further, AVE cites Brooks v. Bates, C.A. No. 89 CW 4478 (SS) 1994 WL 121851 (S.D.N.Y. Apr. 7, 1994) (Exhibit W hereto) as support for the proposition that disqualification is appropriate in a civil context. OB at 17-18. The court, however, in Brooks began its analysis by stating that "disqualification is appropriate in limited circumstances, and rarely is such a harsh remedy invoked against counsel." Id. at *3 (emphasis added). Although the court did disqualify the law firm in that case, AVE fails to mention that the law firm was a named party in the action and that the court found that testimony of certain members of the law firm would be "directly prejudicial to the client's interest." Id. at *3-4. None of these particular facts exists here.

In addition, while AVE is concerned with how the Fulwider firm's continued representation of ACS will affect it, AVE fails to show that it has standing or justification to raise this argument. AVE cites no case law to support its perceived prejudice. Appallingly, AVE suggests to this Court that ACS and the Fulwider firm will plot together to defraud this Court and then try to hide those discussions behind the attorney-client relationship. Such accusations of sinister motives are without merit or factual support.

Even if the Fulwider firm is disqualified, that disqualification will not diminish the attorney-client relationship that existed while the Fulwider firm was representing ACS. As a result, past communications between the Fulwider firm and ACS will remain protected by the attorney-client privilege. See, e.g., T.C. Theatre Corp. v. Warner Bros., Pictures, 113 F. Supp. 265 (S.D.N.Y. 1953) (explaining that a lawyer is enjoined for all time from disclosing client confidences unless ordered by the court to divulge). Likewise, any

[24] See, e.g., People v. Bailey, 12 Cal. Rptr. 2d 339 (Cal. App. 1992) (holding that appointed trial counsel should not represent criminal defendant on appeal on issue of ineffective counsel). Ineffective counsel is plainly a ground for appeal only in criminal cases.

disqualification of the Fulwider firm as trial counsel will not prohibit ACS from continuing to retain the Fulwider firm as its attorneys in this matter or in any other matter. Thus, future communications between the Fulwider firm and ACS will also remain protected by the attorney-client privilege. AVE's access to the information will be the same whether disqualification of the Fulwider firm is granted or denied. Thus, under this particular argument, any disqualification order would be futile to AVE as AVE cannot make a sufficiently strong showing of prejudice to justify disqualification.

Finally, in support of its groundless argument that courts have disqualified lawyers from serving as trial counsel "solely" by virtue of their prosecution of patents allegedly obtained fraudulently AVE, cites to Personalized Mass Media Corp. v. The Weather Channel, Inc., 899 F. Supp. 239, 243 (E.D. Va. 1995). (OB at 20). Again, however, AVE misses the point of the court's holding. The court did not base the disqualification on the fact that trial counsel prosecuted the patent. Rather, the court disqualified the attorney because the attorney's testimony would be adverse to the client's position and as a result, pursuant to the applicable Virginia disciplinary rule, the attorney must withdrawal if his testimony will be prejudicial to the client. Id. Obviously, in any jurisdiction an attorney cannot continue to represent a client in a case in which he will be testifying adversely to the client's interests. Regardless, a client would never consent in that instance.[25]

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[25]Without citing authority in support of its request, AVE asks in the alternative for discovery into whether the Fulwider firm should be disqualified. OB at 21. As the Court recognized earlier, it is highly unusual to bring on a motion and thereafter seek discovery to support the motion. Transcript of August 18, 1998 Teleconference at 8. Given the weakness of its motion, it appears the only reason AVE seeks discovery is to investigate its allegations of misappropriation of trade secrets before it must identify in detail the nature of those secrets. AVE's request for early discovery should be denied.

CONCLUSION

For the foregoing reasons, AVE's request to disqualify ACS's trial counsel, or to take discovery on the issue, should be denied.

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Dated: September 18, 1998

E. A

US005421955A

United States Patent [19]

Lau et al.

[11] Patent Number: 5,421,955

[45] Date of Patent: Jun. 6, 1995

[54] EXPANDABLE STENTS AND METHOD FOR MAKING SAME

[75] Inventors: Lilip Lau, Cupertino; William M. Hartigan, Fremont; John J. Frantzen, San Jose, all of Calif.

[73] Assignee: Advanced Cardiovascular Systems, Inc., Santa Clara, Calif.

[21] Appl. No.: 214,402

[22] Filed: Mar. 17, 1994

Related U.S. Application Data

[60] Division of Ser. No. 164,986, Dec. 9, 1993, abandoned, which is a continuation of Ser. No. 783,558, Oct. 28, 1991, abandoned.

[51] Int. Cl.[6] B44C 1/22; C23F 1/02

[52] U.S. Cl. 216/48; 156/644; 156/654; 156/659.1; 604/95; 606/198

[58] Field of Search 156/643, 644, 654, 656, 156/659.1, 664; 604/95; 606/198

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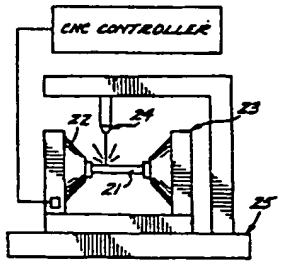
Primary Examiner—William Powell

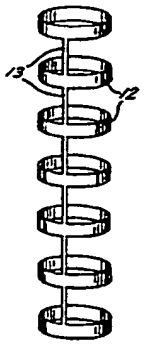
Attorney, Agent, or Firm—Fulwider Patton Lee & Utecht

[57] ABSTRACT

The invention is directed to an expandable stent for implantation in a body lumen, such as an artery, and a method for making it from a single length of tubing. The stent consists of a plurality of radially expandable cylindrical elements generally aligned on a common axis and interconnected by one or more interconnective elements. The individual radially expandable cylindrical elements consist of ribbon-like material disposed in an undulating pattern. The stents are made by coating a length of tubing with an etchant-resistive material and then selectively removing portions of the coating to form a pattern for the stent on the tubing and to expose the portions of the tubing to be removed. This may done by machine-controlled activation and relative positioning of a laser in conjunction with the coated tubing. After the patterning of the tubing, the stent is formed by removing exposed portions of the tubing by an etching process.

15 Claims, 3 Drawing Sheets





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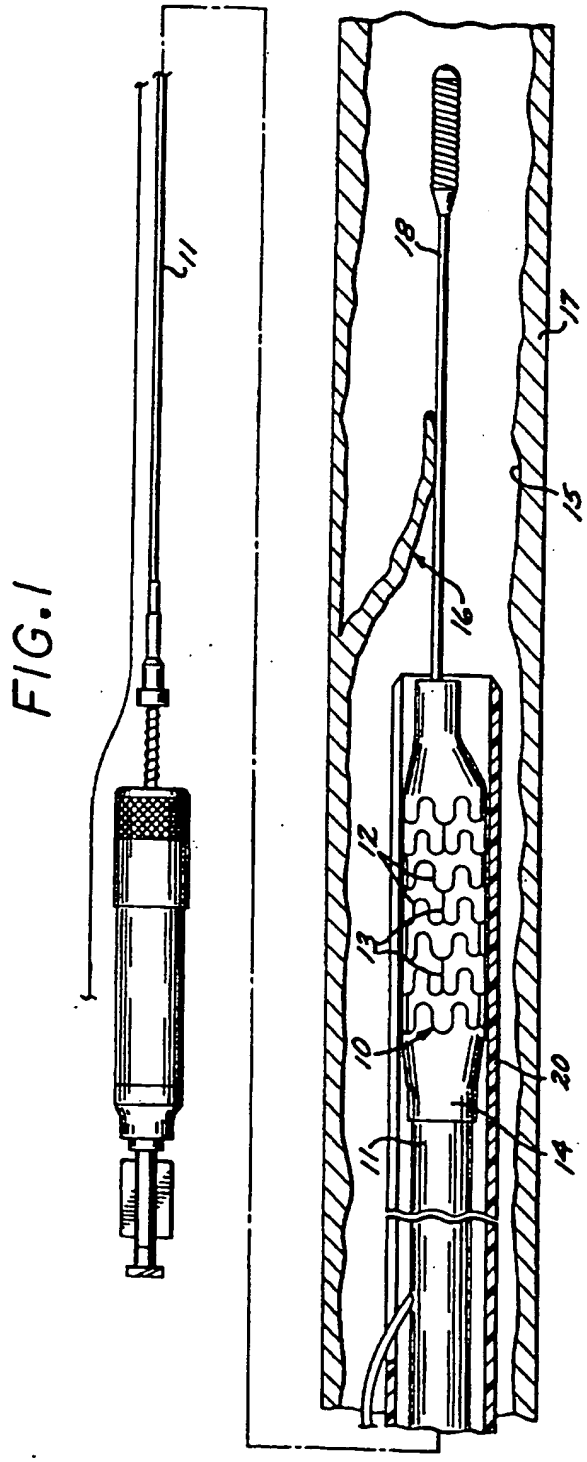


FIG. 1

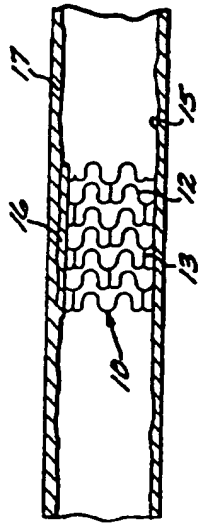


FIG. 3

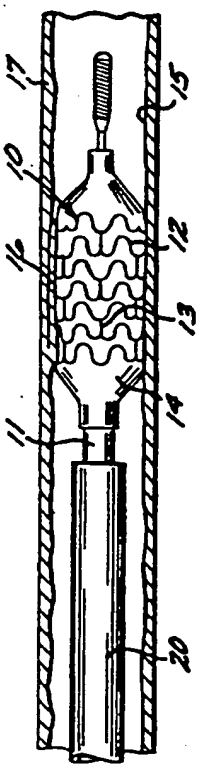


FIG. 2

FIG.4

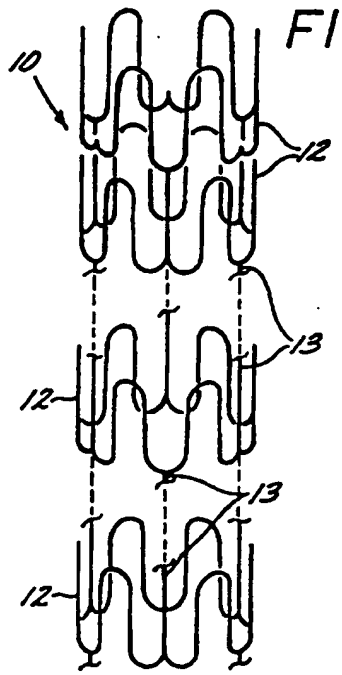


FIG.6

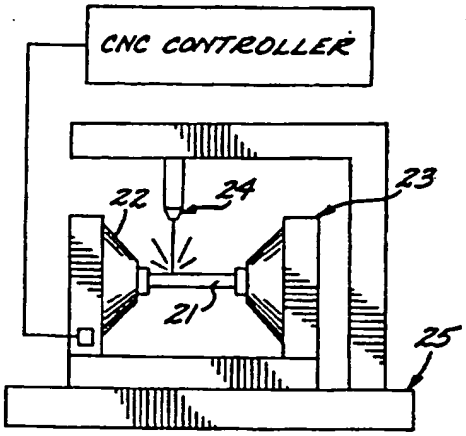


FIG.5

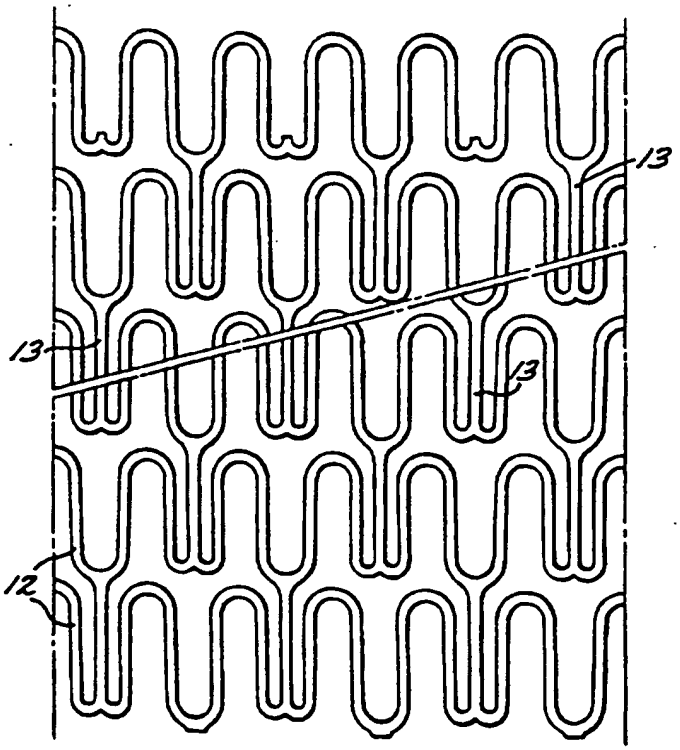


FIG. 7

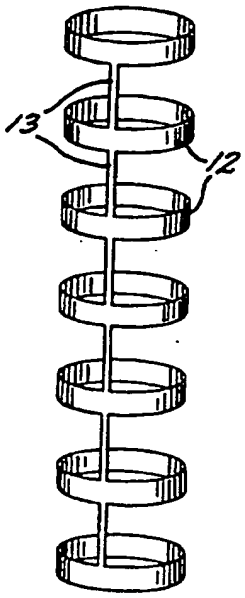


FIG. 8

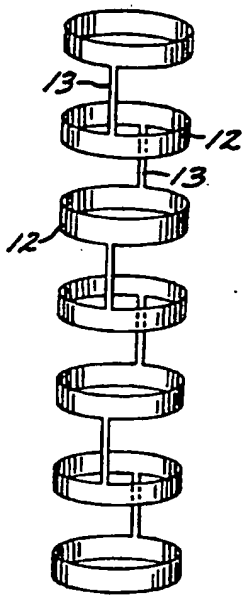


FIG. 9

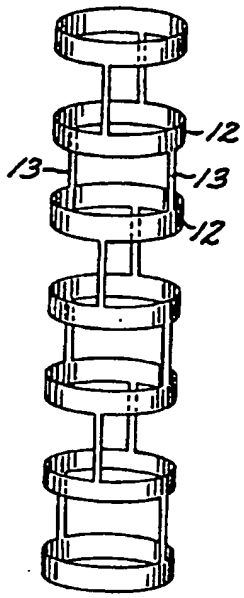


FIG. 10

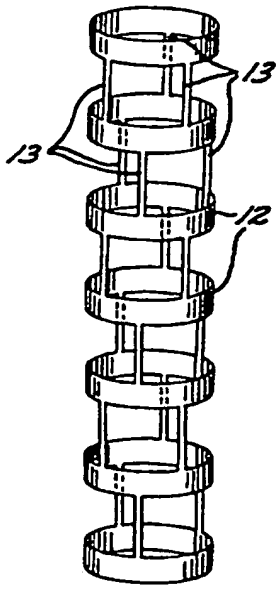
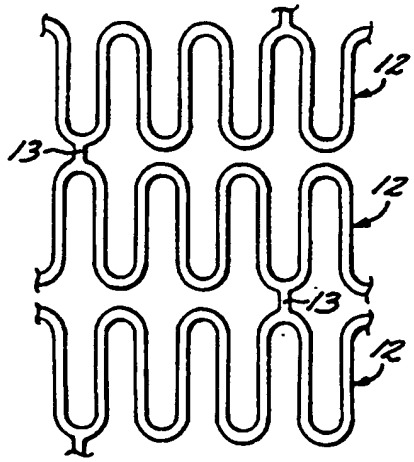


FIG. 11



EXPANDABLE STENTS AND METHOD FOR MAKING SAME

This application is a divisional application of Ser. No. 08/164,986, filed Dec. 9, 1993, now abandoned, which is a continuation of U.S. Ser. No. 07/783,558, filed Oct. 28, 1991, (now abandoned).

BACKGROUND OF THE INVENTION

This invention relates to expandable endoprosthesis devices, generally called stents, which are adapted to be implanted into a patient's body lumen, such as blood vessel, to maintain the patency thereof. These devices are very useful in the treatment of atherosclerotic stenosis in blood vessels.

Stents are generally tubular shaped devices which function to hold open a segment of a blood vessel or other anatomical lumen. They are particularly suitable for use to support and hold back a dissected arterial lining which can occlude the fluid passageway therethrough.

Further details of prior art stents can be found in U.S. Pat. No. 3,868,956 (Alfidi et al.); U.S. Pat. No. 4,512,338 (Balko et al.); U.S. Pat. No. 4,553,545 (Maass et al.); U.S. Pat. No. 4,733,665 (Palmaz); U.S. Pat. No. 4,762,128 (Rosenbluth); U.S. Pat. No. 4,800,882 (Gianturco); U.S. Pat. No. 4,856,516 (Hillstead); and U.S. Pat. No. 4,886,062 (Wiktor), which are hereby incorporated herein in their entirety by reference thereto.

Various means have been described to deliver and implant stents. One method frequently described for delivering a stent to a desired intralumenal location includes mounting the expandable stent on an expandable member, such as a balloon, provided on the distal end of an intravascular catheter, advancing the catheter to the desired location within the patient's body lumen, inflating the balloon on the catheter to expand the stent into a permanent expanded condition and then deflating the balloon and removing the catheter. One of the difficulties encountered using prior stents involved maintaining the radial rigidity needed to hold open a body lumen while at the same time maintaining the longitudinal flexibility of the stent to facilitate its delivery.

What has been needed and heretofore unavailable is a stent which has a high degree of flexibility so that it can be advanced through tortuous passageways and can be readily expanded and yet have the mechanical strength to hold open the body lumen into which it expanded. The present invention satisfies this need.

SUMMARY OF THE INVENTION

The present invention is directed to an expandable stent which is relatively flexible along its longitudinal axis to facilitate delivery through tortuous body lumens, but which is stiff and stable enough radially in an expanded condition to maintain the patency of a body lumen such as an artery when implanted therein.

The stent of the invention generally includes a plurality of radially expandable cylindrical elements which are relatively independent in their ability to expand and to flex relative to one another. The individual radially expandable cylindrical elements of the stent are dimensioned so as to be longitudinally shorter than their own diameters. Interconnecting elements or struts extending between adjacent cylindrical elements provide increased stability and are preferably positioned to prevent warping of the stent upon the expansion thereof.

The resulting stent structure is a series of radially expandable cylindrical elements which are spaced longitudinally close enough so that small dissections in the wall of a body lumen may be pressed back into position against the lumenal wall, but not so close as to compromise the longitudinal flexibility of the stent. The individual cylindrical elements may rotate slightly relative to adjacent cylindrical elements without significant deformation, cumulatively giving a stent which is flexible along its length and about its longitudinal axis but which is still very stiff in the radial direction in order to resist collapse.

The stent embodying features of the invention can be readily delivered to the desired lumenal location by mounting it on an expandable member of a delivery catheter, for example a balloon, and passing the catheter-stent assembly through the body lumen to the implantation site. A variety of means for securing the stent to the expandable member on the catheter for delivery to the desired location are available. It is presently preferred to compress the stent onto the balloon. Other means to secure the stent to the balloon include providing ridges or collars on the inflatable member to restrain lateral movement, or using bioresorbable temporary adhesives.

The presently preferred structure for the expandable cylindrical elements which form the stents of the present invention generally have a circumferential undulating pattern, e.g. serpentine. The transverse cross-section of the undulating component of the cylindrical element is relatively small and preferably has an apect ratio of about two to one to about 0.5 to one (e.g., the ratio of the height to the width of an undulation). A one to one apect ratio has been found particularly suitable. The open reticulated structure of the stent allows for the perfusion of blood over a large portion of the arterial wall which can improve the healing and repair of a damaged arterial lining.

The radial expansion of the expandable cylinder deforms the undulating pattern thereof similar to changes in a waveform which result from decreasing the waveform's amplitude and the frequency. Preferably, the undulating patterns of the individual cylindrical structures are in phase with each other in order to prevent the contraction of the stent along its length when it is expanded. The cylindrical structures of the stent are plastically deformed when expanded (except with NiTi alloys) so that the stent will remain in the expanded condition and, therefore, they must be sufficiently rigid when expanded to prevent the collapse thereof in use. With superelastic NiTi alloys, the expansion occurs when the stress of compression is removed so as to allow the phase transformation from austenite back to martensite and as a result the expansion of the stent.

The elongated elements or members which interconnect adjacent cylindrical elements should have a transverse cross-section similar to the transverse dimensions of the undulating components of the expandable cylindrical elements. The interconnecting elements may be formed in a unitary structure with the expandable cylindrical elements from the same intermediate product, such as a tubular element, or they may be formed independently and connected by suitable means, such as by welding or by mechanically securing the ends of the interconnecting elements to the ends of the expandable cylindrical elements. Preferably, all of the interconnecting elements of a stent are joined at either the peaks or the valleys of the undulating structure of the cylindrical

elements which form the stent. In this manner there is no shortening of the stent upon expansion, when measured from the outermost ends of the interconnecting members connected to the cylindrical elements at opposite ends of the stent.

The number and location of elements interconnecting adjacent cylindrical elements can be varied in order to develop the desired longitudinal flexibility in the stent structure both in the unexpanded as well as the expanded condition. These properties are important to minimize alteration of the natural physiology of the body lumen into which the stent is implanted and to maintain the compliance of the body lumen which is internally supported by the stent. Generally, the greater the longitudinal flexibility of the stent, the easier and the more safely it can be delivered to the implantation site.

In a presently preferred embodiment of the invention the stent is conveniently and easily formed by coating stainless steel hypotubing with a material resistant to chemical etching, and then removing portions of the coating to expose portions of underlying tubing which are to be removed to develop the desired stent structure. The exposed portions of the tubing are removed by chemically etching from the tubing exterior leaving the coated portion of the tubing material in the desired pattern of the stent structure. The etching process develops smooth openings in the tubing wall without burrs or other artifacts which are characteristic of mechanical or laser machining processes in the small sized products contemplated. Moreover, a computer controlled laser patterning process to remove the chemical resistive coating makes photolithography technology adaptable to the manufacture of these small products. The forming of a mask in the extremely small sizes needed to make the small stents of the invention would be a most difficult task. A plurality of stents can be formed from one length of hypotubing by repeating the stent pattern and providing small webs or tabs to interconnect the stents. After the etching process, the stents can be separated by severing the small webs or tabs which connect them.

Other features and advantages of the present invention will become more apparent from the following detailed description of the invention, when taken in conjunction with the accompanying exemplary drawings.

BRIEF DESCRIPTION OF THE DRAWINGS

FIG. 1 is a elevational view, partially in section, of a stent embodying features of the invention which is mounted on a delivery catheter and disposed within a damaged artery.

FIG. 2 is an elevational view, partially in section, similar to that shown in FIG. 1 wherein the stent is expanded within an damaged artery, pressing the damaged lining against the arterial wall.

FIG. 3 is an elevational view, partially in section showing the expanded stent within the artery after withdrawal of the delivery catheter.

FIG. 4 is a perspective view of a stent embodying features of the invention in an unexpanded state, with one end of the stent being shown in an exploded view illustrate the details thereof.

FIG. 5 is a plan view of a flattened section of a stent of the invention which illustrates the undulating pattern of the stent shown in FIG. 4.

FIG. 6 is a schematic representation of equipment for selectively removing coating applied to tubing in the manufacturing of the stents of the present invention.

FIGS. 7 through 10 are perspective views schematically illustrating various configurations of interconnective element placement between the radially expandable cylindrical elements of the stent.

FIG. 11 is a plan view of a flattened section of a stent illustrating an alternate undulating pattern in the expandable cylindrical elements of the stent which are out of phase.

DETAILED DESCRIPTION OF THE INVENTION

FIG. 1 illustrates a stent 10 incorporating features of the invention which is mounted onto a delivery catheter 11. The stent generally comprises a plurality of radially expandable cylindrical elements 12 disposed generally coaxially and interconnected by elements 13 disposed between adjacent cylindrical elements. The delivery catheter 11 has an expandable portion or balloon 14 for expanding of the stent 10 within an artery 15. The artery 15, as shown in FIG. 1, has a dissected lining 16 which has occluded a portion of the arterial passageway.

The delivery catheter 11 onto which the stent 10 is mounted, is essentially the same as a conventional balloon dilatation catheter used for angioplasty procedures. The balloon 14 may be formed of suitable materials such as polyethylene, polyethylene terephthalate, polyvinyl chloride, nylon and ionomers such as Surlyn ® manufactured by the Polymer Products Division of the Du Pont Company. Other polymers may also be used. In order for the stent 10 to remain in place on the balloon 14 during delivery to the site of the damage within the artery 15, the stent 10 is compressed onto the balloon. A retractable protective delivery sleeve 20 as described in co-pending application Ser. No. 07/647,464, filed on Apr. 25, 1990 and entitled STENT DELIVERY SYSTEM may be provided to further ensure that the stent stays in place on the expandable portion of the delivery catheter 11 and prevent abrasion of the body lumen by the open surface of the stent 10 during delivery to the desired arterial location. Other means for securing the stent 10 onto the balloon 14 may also be used, such as providing collars or ridges on the ends of the working portion, i.e. the cylindrical portion, of the balloon.

Each radially expandable cylindrical element 12 of the stent 10 may be independently expanded. Therefore, the balloon 14 may be provided with an inflated shape other than cylindrical, e.g. tapered, to facilitate implantation of the stent 10 in a variety of body lumen shapes.

In a preferred embodiment, the delivery of the stent 10 is accomplished in the following manner. The stent 10 is first mounted onto the inflatable balloon 14 on the distal extremity of the delivery catheter 11. The balloon 14 is slightly inflated to secure the stent 10 onto the exterior of the balloon. The catheter-stent assembly is introduced within the patient's vasculature in a conventional Seldinger technique through a guiding catheter (not shown). A guidewire 18 is disposed across the damaged arterial section with the detached or dissected lining 16 and then the catheter-stent assembly is advanced over a guidewire 18 within the artery 15 until the stent 10 is directly under the detached lining 16. The balloon 14 of the catheter is expanded, expanding the stent 10 against the artery 15, which is illustrated in FIG. 2. While not shown in the drawing, the artery 15

is preferably expanded slightly by the expansion of the stent 10 to seat or otherwise fix the stent 10 to prevent movement. In some circumstances during the treatment of stenotic portions of an artery, the artery may have to be expanded considerably in order to facilitate passage of blood or other fluid therethrough.

The stent 10 serves to hold open the artery 15 after the catheter 11 is withdrawn, as illustrated by FIG. 3. Due to the formation of the stent 10 from an elongated tubular member, the undulating component of the cylindrical elements of the stent 10 is relatively flat in transverse cross-section, so that when the stent is expanded, the cylindrical elements are pressed into the wall of the artery 15 and as a result do not interfere with the blood flow through the artery 15. The cylindrical elements 12 of stent 10 which are pressed into the wall of the artery 15 will eventually be covered with endothelial cell growth which further minimizes blood flow interference. The undulating portion of the cylindrical sections 12 provide good tacking characteristics to prevent stent movement within the artery. Furthermore, the closely spaced cylindrical elements 12 at regular intervals provide uniform support for the wall of the artery 15, and consequently are well adapted to tack up and hold in place small flaps or dissections in the wall of the artery 15 as illustrated in FIGS. 2 and 3.

FIG. 4 is an enlarged perspective view of the stent 10 shown in FIG. 1 with one end of the stent shown in an exploded view to illustrate in greater detail the placement of interconnecting elements 13 between adjacent radially expandable cylindrical elements 12. Each pair of the interconnecting elements 13 on one side of a cylindrical element 12 are preferably placed to achieve maximum flexibility for a stent. In the embodiment shown in FIG. 4 the stent 10 has three interconnecting elements 13 between adjacent radially expandable cylindrical elements 12 which are 120 degrees apart. Each pair of interconnecting elements 13 on one end of a cylindrical element 12 are offset radially 60 degrees from the pair on the other side of the cylindrical element. The alternation of the interconnecting elements results in a stent which is longitudinally flexible in essentially all directions. Various configurations for the placement of interconnecting elements are possible, and several examples are illustrated schematically in FIGS. 7-10. However, as previously mentioned, all of the interconnecting elements of an individual stent should be secured to either the peaks or valleys of the undulating structural elements in order to prevent shortening of the stent during the expansion thereof.

FIG. 10 illustrates a stent of the present invention wherein three interconnecting elements 13 are disposed between radially expandable cylindrical elements 11. The interconnecting elements 12 are distributed radially around the circumference of the stent at a 120 degree spacing. Disposing four or more interconnecting elements 13 between adjacent cylindrical elements 12 will generally give rise to the same considerations discussed above for two and three interconnecting elements.

The properties of the stent 10 may also be varied by alteration of the undulating pattern of the cylindrical elements 13. FIG. 11 illustrates an alternative stent structure in which the cylindrical elements are in serpentine patterns but out of phase with adjacent cylindrical elements. The particular pattern and how many undulations per unit of length around the circumference of the cylindrical element 12, or the amplitude of the undulations, are chosen to fill particular mechanical requirements for the stent such as radial stiffness.

The number of undulations may also be varied to accommodate placement of interconnecting elements 13, e.g. at the peaks of the undulations or along the sides of the undulations as shown in FIGS. 5 and 11.

The stent 10 of the present invention can be made in many ways. However, the preferred method of making the stent is to coat a thin-walled tubular member, such as stainless steel hypotubing, with a material which is resistive to chemical etchants, and then to remove portions of the coating to expose the underlying hypotubing which is to be removed but to leave coated portions of the hypotubing in the desired pattern for the stent so that subsequent etching will remove the exposed portions of the metallic tubing, but will leave relatively untouched the portions of the metallic tubing which are to form the stent. The coated portion of the metallic tube is in the desired shape for the stent. An etching process avoids the necessity of removing burrs or slag inherent in conventional or laser machining processes. It is preferred to remove the etchant-resistive material by means of a machine-controlled laser as illustrated schematically in FIG. 6.

A coating is applied to a length of tubing which, when cured, is resistive to chemical etchants. "Blue Photoresist" made by the Shipley Company in San Jose, Calif., is an example of suitable commercially available photolithographic coatings. The coating is preferably applied by electrophoretic deposition.

To ensure that the surface finish is reasonably uniform, one of the electrodes used for the electrochemical polishing is a doughnut-shaped electrode which is placed about the central portion of the tubular member.

The tubing may be made of suitable biocompatible material such as stainless steel, titanium, tantalum, superelastic NiTi alloys and even high strength thermoplastic polymers. The stent diameter is very small, so the tubing from which it is made must necessarily also have a small diameter. Typically the stent has an outer diameter on the order of about 0.06 inch in the unexpanded condition, the same outer diameter of the hypotubing from which it is made, and can be expanded to an outer diameter of 0.1 inch or more. The wall thickness of the hypotubing is about 0.003 inch. In the instance when the stent was plastic, it would have to be heated within the arterial site where the stent is expanded to facilitate the expansion of the stent. Once expanded, it is cooled to retain its expanded state. The stent may be conveniently heated by heating the fluid within the balloon or by heating the balloon directly by a suitable system such as disclosed in application Ser. No. 07/521,337, filed Jan. 26, 1990, now U.S. Pat. No. 5,114,423, entitled "DILATATION CATHETER ASSEMBLY WITH HEATED BALLOON" which is incorporated herein in its entirety by reference. The stent may also be made of materials such as superelastic NiTi alloys such as described in application Ser. No. 07/629,381, filed Dec. 18, 1990, now abandoned, entitled SUPERELASTIC GUIDING MEMBER which is incorporated herein in its entirety by reference. In this case the stent would be formed full size but deformed (e.g. compressed) into a smaller diameter onto the balloon of the delivery catheter to facilitate transfer to a desired intralumenal site. The stress induced by the deformation transforms the stent from a martensite phase to a austenite phase and upon release of the force, when the stent reaches the desired intralumenal loca-

tion, allows the stent to expand due to the transformation back to the martensite phase.

Referring to FIG. 6, the coated tubing 21 is put in a rotatable collet fixture 22 of a machine controlled apparatus 23 for positioning the tubing 21 relative to a laser 24. According to machine-encoded instructions, the tubing 21 is rotated and moved longitudinally relative to the laser 24 which is also machine controlled. The laser selectively removes the etchant-resistive coating on the tubing by ablation and a pattern is formed such that the surface of the tube that is to be removed by a subsequent chemical etching process is exposed. The surface of the tube is therefore left coated in the discrete pattern of the finished stent.

A presently preferred system for removing the coating on the tubing includes the use of an 80 watt CO_2 laser, such as a Coherent Model 44, in pulse mode (0.3 mS pulse length); 48 mA key current and 48 W key power with 0.75 W average power, at 100 Hz; Anorad FR=20; 12.5 Torr; with no assist gas. Low pressure air is directed through the fine focus head to ensure that no vapor contacts the lens. The assist gas jet assembly on the laser unit may be removed to allow a closer proximity of the fine focus head and the collet fixture. Optimum focus is set at the surface of the tubing. Cured photoresist coating readily absorbs the energy of the CO_2 wavelength, so that it can be readily removed by the laser. A coated 4 inch length of 0.06 inch stainless steel tubing is preferred and four stents can be patterned on the length of tubing. Three tabs or webs between stents provide good handling characteristics for the tubing after the etching process.

The process of patterning the resistive coating on the stent is automated except for loading and unloading the length of tubing. Referring again to FIG. 6 it may be done, for example, using a CNC opposing collect fixture 22 for axial rotation of the length of tubing, in conjunction with a CNC X/Y table 25 to move the length of tubing axially relative to a machine controlled laser as described. The entire space between collets can be patterned using the CO_2 laser set-up of the foregoing example. The program for control of the apparatus is dependent on the particular configuration used and the pattern to be ablated in the coating, but is otherwise conventional.

This process makes possible the application of present photolithography technology in manufacturing the stents. While there is presently no practical way to mask and expose a tubular photoresist-coated part of the small size required for making intravascular stents, the foregoing steps eliminate the need for conventional masking techniques.

After the coating is thus selectively ablated, the tubing is removed from the collet fixture 22. Next, wax such as ThermoCote N-4 is heated to preferably just above its melting point, and inserted into the tubing under vacuum or pressure. After the wax has solidified upon cooling, it is reheated below its melting point to allow softening, and a smaller diameter stainless steel shaft is inserted into the softened wax to provide support. The tubing is then etched chemically in a conventional manner. After cutting the tabs connecting the stents any surface roughness or debris from the tabs is removed. The stents are preferably electrochemically polished in an acidic aqueous solution such as a solution of ELECTRO-GLO #300, sold by the ELECTRO-GLO CO., Inc. In Chicago, Ill., which is a mixture of sulfuric acid, carboxylic acids, phosphates, corrosion inhibitors and a biodegradable surface active agent. The bath temperature is maintained at about 110–135 degrees F. and the current density is about 0.4 to about 1.5 amps per in.^{2} Cathode to anode area should be at least about two to one. The stents may be further treated if desired, for example by applying a biocompatible coating.

While the invention has been illustrated and described herein in terms of its use as an intravascular stent, it will be apparent to those skilled in the art that the stent can be used in other instances such as to expand prostatic urethras in cases of prostate hyperplasia. Other modifications and improvements can be made without departing from the scope of the invention.

What is claimed is:

1. The process of making a stent which includes the steps of:
   a) applying a coating resistive to chemical etching to a length of tubing;
   b) selectively removing portions of the resistive coating to expose sections of the tubing; and
   c) removing exposed portions of the tubing.

2. The process of claim 1, wherein a plurality of stents are made from a single piece of tubing.

3. The process of claim 1, wherein the stent is made from a biocompatible material selected from the group consisting of polymers, stainless steel, titanium, superelastic NiTi alloys and tantalum.

4. The process of claim 1, wherein the coating is applied by electrophoretic deposition.

5. A method for making an open reticulated tubular structure, comprising the steps of:
   a) providing a discrete length of thin walled tubing;
   b) forming a resistive coating onto the exterior of the tubing;
   c) selectively removing portions of the resistive coating on the exterior of the tubing to leave the desired pattern of the complete open reticulated tubular structure coated with resistive coating and to expose portion of the tubing to be removed; and
   d) removing the exposed portions of the tubing.

6. The method of claim 5 wherein the exposed portions of the tubing is removed by etching.

7. The method of claim 5 wherein the selective removal of the resistive coating is accomplished by machine controlled relative movement of the tubing and laser.

8. The method of claim 5 wherein the laser used to selectively remove the resistive coating emits a particular wavelength of light which is readily absorbable by said coating.

9. The method of claim 5 wherein the laser is a CO_2 gas laser.

10. The method of claim 5 wherein the resistive coating used is a photolithographic chemically resistive coating.

11. A kit comprising:
   a) an elongated stent delivery catheter having proximal and distal extremities, and an expandable member on the distal extremity; and
   b) a longitudinally flexible stent which is adapted to be slidably mounted onto the expandable member of said catheter and which comprising a plurality of cylindrical elements which are independently expandable in the radial direction and which are interconnected so as to be generally aligned on a common axis.

12. A stent delivery system comprising:

an elongated stent delivery catheter having proximal and distal extremities, and an expandable member on the distal extremity; and

a longitudinally flexible stent which is adapted to be slidably mounted onto the expandable member of said catheter and which comprises a plurality of cylindrical elements which are independently expandable in the radial direction and which are interconnected so as to be generally aligned on a common axis.

13. A method for making a pattern in an intravascular stent comprising the steps of:

providing a discrete length of thin-walled hypotube;

applying a resistive coating on to the exterior of at least a portion of said hypotube;

means for selectively removing portions of the resistive coating from the exterior of said hypotube;

applying a chemical etchant to said hypotube so that said chemical etchant removes those portions of said hypotube where said resistive coating has been removed; and

removing the remaining resistive coating to provide an intravascular stent having a distinctive pattern.

14. The method for making the intravascular stent of claim 13, wherein said means for selectively removing said resistive coating is by a machine controlled laser.

15. The method for making the intravascular stent of claim 14, wherein said laser is a CO_2 gas laser operating in a pulsed mode.

* * * * *

Exhibit B

US005292331A

United States Patent [19]

Boneau

[11] Patent Number: 5,292,331

[45] Date of Patent: Mar. 8, 1994

[54] ENDOVASCULAR SUPPORT DEVICE

[75] Inventor: Michael D. Boneau, Campbell, Calif.

[73] Assignee: Applied Vascular Engineering, Inc., Santa Rosa, Calif.

[21] Appl. No.: 398,180

[22] Filed: Aug. 24, 1989

[51] Int. Cl.[5] A61M 29/00

[52] U.S. Cl. 606/198; 623/1

[58] Field of Search 606/108, 194, 198, 191; 600/36; 623/1, 11, 12

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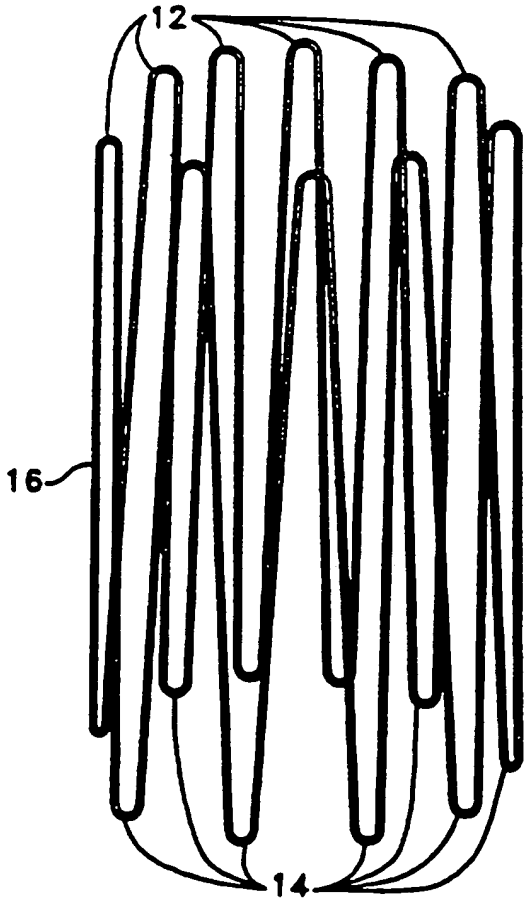
Primary Examiner—Michael H. Thaler
Attorney, Agent, or Firm—James E. Eakin

[57] ABSTRACT

An endovascular support device for treatment of chronic restenosis or other vascular narrowing is disclosed together with a method of manufacture and a method for delivering a plurality of such devices to an affected area of a vessel. In a preferred embodiment, the endovascular support device comprises a unitary wire-like structure configured to form a plurality of upper and lower peaks which may be compressed for delivery to an affected area of a coronary or peripheral vessel in a human, and then expanded to maintain a passageway through the vessel.

7 Claims, 3 Drawing Sheets



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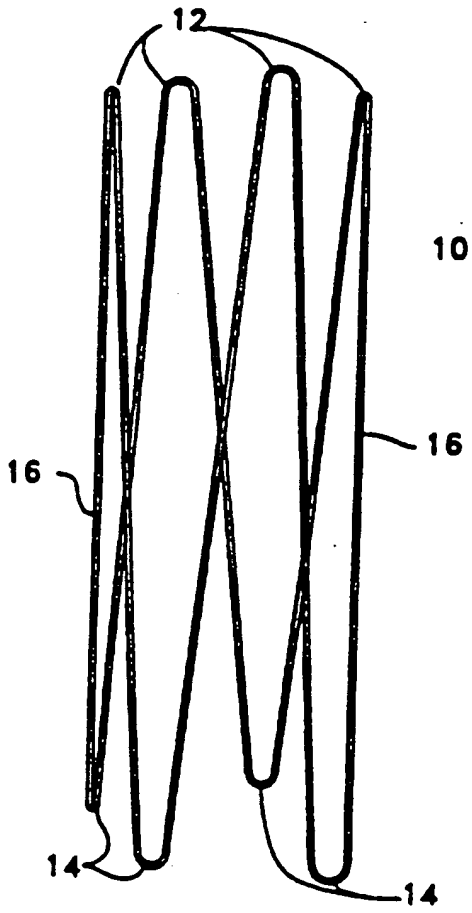

Figure 1

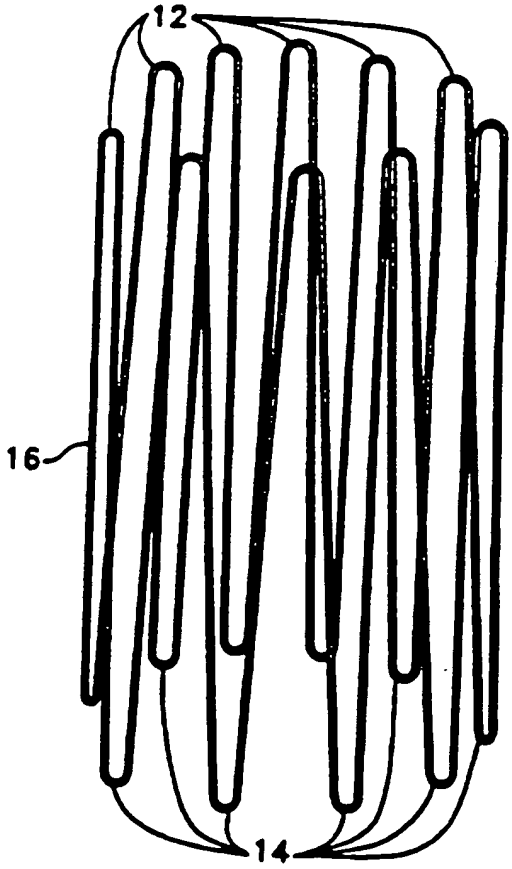

Figure 6b

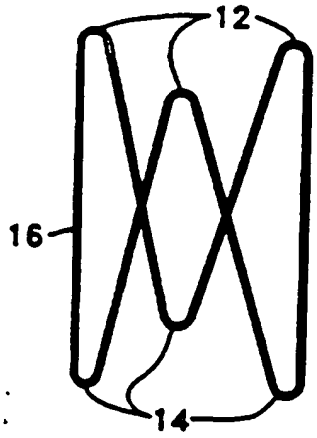

Figure 6a

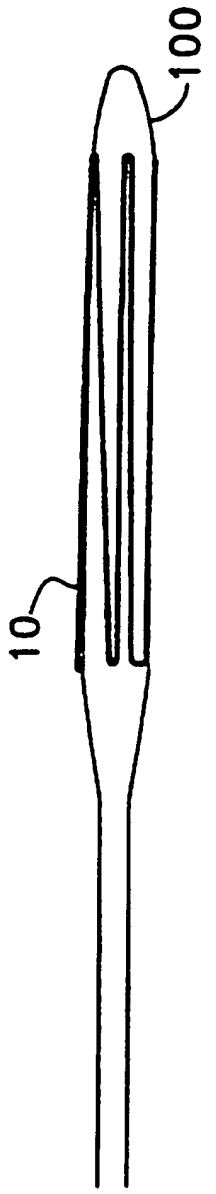

Figure 2

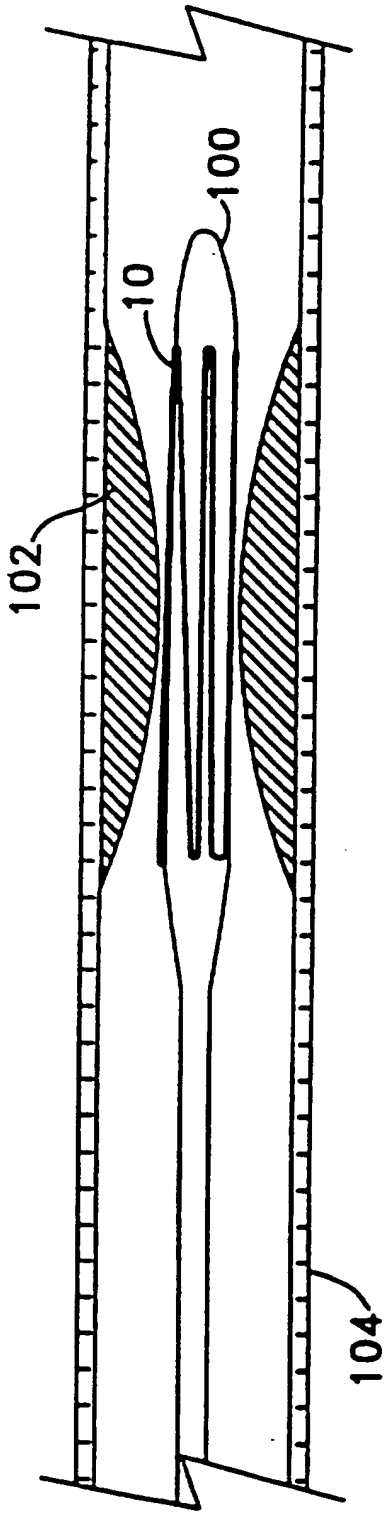

Figure 3

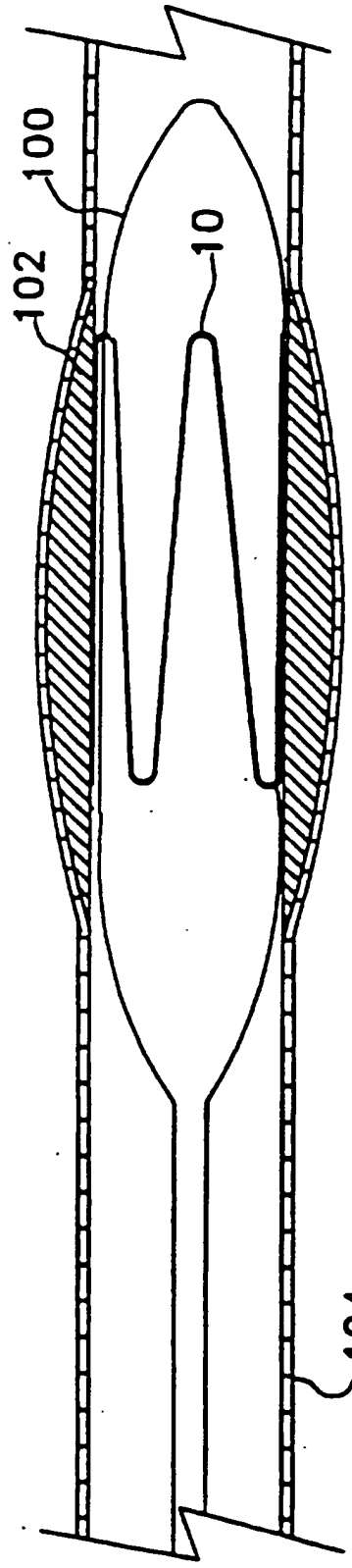

Figure 4

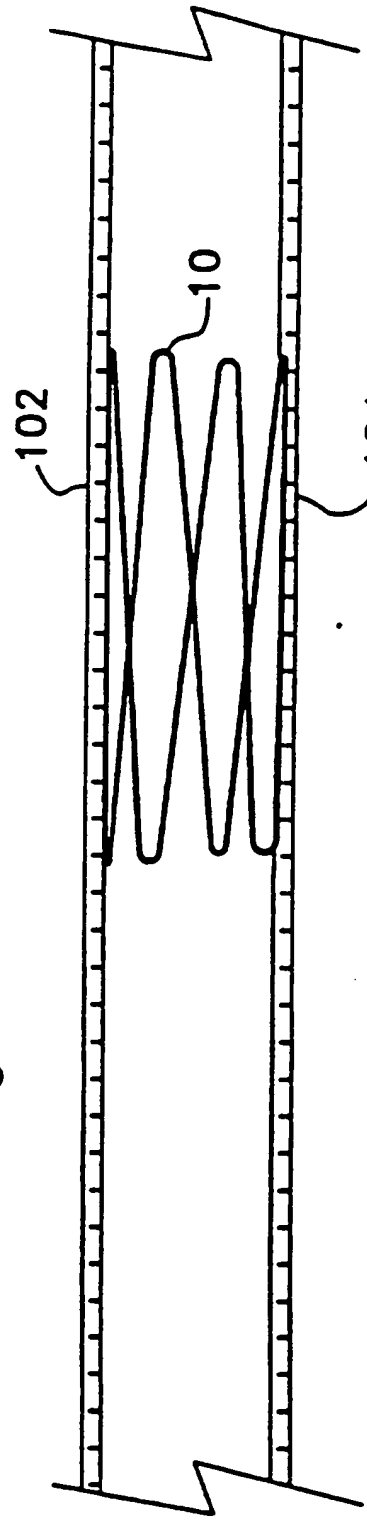

Figure 5

ENDOVASCULAR SUPPORT DEVICE

FIELD OF THE INVENTION

The present invention relates generally to medical devices, and particularly relates to implantable devices for treating narrowing of coronary or peripheral vessels in humans.

BACKGROUND OF THE INVENTION

Cardiovascular disease, including atherosclerosis, is the leading cause of death in the U.S. The medical community has developed a number of methods for treating coronary heart disease, some of which are specifically designed to treat the complications resulting from atherosclerosis and other forms of coronary arterial narrowing.

The most impelling development in the past decade for treating atherosclerosis and other forms of coronary narrowing is percutaneous transluminal coronary angioplasty, hereinafter referred to simply as "angioplasty" or "PTCA". The objective in angioplasty is to enlarge the lumen of the affected coronary artery by radial hydraulic expansion. The procedure is accomplished by inflating a balloon within the narrowed lumen of the coronary artery. Radial expansion of the coronary artery occurs in several different dimensions and is related to the nature of the plaque. Soft, fatty plaque deposits are flattened by the balloon and hardened deposits are cracked and split to enlarge the lumen. The wall of the artery itself is also stretched when the balloon is inflated.

PTCA is performed as follows: A thin-walled, hollow guiding catheter is typically introduced into the body via a relatively large vessel, such as the femoral artery in the groin area or the brachial artery in the arm. Access to the femoral artery in achieved by introducing a large bore needle directly into the femoral artery, a procedure known as the Seldinger Technique. Once access to the femoral artery is achieved, a short hollow sheath is inserted to maintain a passageway during PTCA. The flexible guiding catheter, which is typically polymer coated, and lined with Teflon, is inserted through the sheath into the femoral artery. The guiding catheter is advanced through the femoral artery into the iliac artery and into the ascending aorta. Further advancement of the flexible catheter involves the negotiation of an approximately 180 degree turn through the aortic arch to allow the guiding catheter to descend into the aortic cusp where entry may be gained to either the left or the right coronary artery, as desired.

After the guiding catheter is advanced to the ostium of the coronary artery to by treated by PTCA, a flexible guidewire is inserted into the guiding catheter through a balloon and advanced to the area to be treated. The guidewire provides the necessary steerability for lesion passage. The guidewire is advanced across the lesion, or "wires" the lesion, in preparation for the advancement of a polyethylene, polyvinyl chloride, polyolefin, or other suitable substance balloon catheter across the guide wire. The balloon, or dilatation, catheter is placed into position by sliding it along the guide wire. The use of the relatively rigid guide wire is necessary to advance the catheter through the narrowed lumen of the artery and to direct the balloon, which is typically quite flexible, across the lesion. Radiopaque markers in the balloon segment of the catheter facilitate positioning across the lesion. The balloon catheter is then inflated with contrast material to permit fluoroscopic viewing during treatment. The balloon is alternately inflated and deflated until the lumen of the artery is satisfactorily enlarged.

Unfortunately, while the affected artery can be enlarged, in some instances the vessel restenoses chronically, or closes down acutely, negating the positive effect of the angioplasty procedure. In the past, such restenosis has frequently necessitated repeat PTCA or open heart surgery. While such restenosis does not occur in the majority of cases, it occurs frequently enough that such complications comprise a significant percentage of the overall failures of the PTCA procedure, for example, twenty-five to thirty-five percent of such failures.

To lessen the risk of restenosis, various devices have been proposed for mechanically keeping the affected vessel open after completion of the angioplasty procedure. Such mechanical endoprosthetic devices, which are generally referred to as stents, are typically inserted into the vessel, positioned across the lesion, and then expanded to keep the passageway clear. Effectively, the stent overcomes the natural tendency of the vessel walls of some patients to close back down, thereby maintaining a more normal flow of blood through that vessel than would be possible if the stent were not in place.

Various types of stents have been proposed, although to date none has proven satisfactory. One proposed stent involves a tube of stainless wire braid. During insertion, the tube is positioned along a delivery device, such as a catheter, in extended form, making the tube diameter as small as possible. When the stent is positioned across the lesion, it is expanded, causing the length of the tube to contract and the diameter to expand. Depending on the materials used in construction of the stent, the tube maintains the new shape either through mechanical force or otherwise. For example, one such stent is a self-expanding stainless steel wire braid. Other forms of stents include various types tubular metallic cylinders expanded by balloon dilatation. One such device is referred to as the Palmaz stent, discussed further below.

Another form of stent is a heat expandable device. This device, originally designed using NITINOL by Dotter has recently been modified to a new tin-coated, heat expandable coil by Regan. The stent is delivered to the affected area on a catheter capable of receiving heated fluids. Once properly positioned, heated saline is passed through the portion of the catheter on which the stent is located, causing the stent to expand. Numerous difficulties have been encountered with this device, including difficulty in obtaining reliable expansion, and difficulties in maintaining the stent in its expanded state.

Perhaps the most popular stent presently under investigation in the United States is referred to as the Palmaz stent. The Palmaz stent involves what may be thought of as a stainless steel cylinder having a number of slits in its circumference, resulting in a mesh when expanded. The stainless steel cylinder is delivered to the affected area by means of a balloon catheter, and is then expanded to the proper size by inflating the balloon.

Significant difficulties have been encountered with all prior art stents. Eac has its percentage of thrombosis, restenosis and tissue in-growth, as well as varying degrees of difficulty in deployment. Another difficulty with at least some of prior art stents is that they do not readily conform to the vessel shape. In addition, the

relatively long length of such prior art stents has made it difficult to treat curved vessels, and has also effectively prevented successful implantation of multiple such stents. Anticoagulants have historically been required at least for the first three months after placement. These and other complications have resulted in a low level of acceptance for such stents within the medical community, and to date stents have not been accepted as a practical method for treating chronic restenosis.

Thus there has been a long felt need for a stent which is effective to maintain a vessel open, without resulting in significant thrombosis, which may be easily delivered to the affected area, easily expanded to the desired size, easily conformed to the affected vessel, and easily used in multiples to treat curved vessels and varying lengths of lesions.

SUMMARY OF THE INVENTION

The present invention substantially reduces the complications and overcomes the limitations of the prior art devices. The endovascular support device of the present invention comprises a device having very low mass which is capable of being delivered to the affected area by means of a slightly modified conventional balloon catheter similar to that used in a standard balloon angioplasty procedure.

The support device of the present invention may then be expanded by normal expansion of the balloon catheter used to deliver the stent to the affected area, and its size can be adjusted within a relatively broad range in accordance with the diagnosis of the treating physician.

Because of the range of diameters through which the support device of the present invention may be expanded, it may be custom expanded to the specific lesion diameter, and is readily conformable to the vessel shape. In addition, a plurality of support devices of the present invention may be readily implanted in a number commensurate with the length of the lesion under treatment. As a result, curved or "S" shaped vessels may be treated.

The stent, or endovascular support device, of the present invention may preferably be comprised of implantable quality high grade stainless steel, machined specially for intravascular applications. The support device may comprise, in effect, a metal circle or ellipsoid formed to create a plurality of axial bends, thereby permitting compression of the stent onto a delivery catheter, and subsequent expansion once in place at the affected area.

It is one object of the present invention to provide a stent which substantially overcomes the limitations of the prior art.

It is a further object of the present invention to provide a stent capable of being implanted simply and reliably.

Another object of the present invention is to provide a stent which does not result in significant thrombosis at the point of implant.

Yet another object of the present invention is to provide a stent which can be selectively sized in accordance with the anatomic configuration dictated by the lesion itself.

A still further object of the present invention is to provide a method for supplying an endovascular support device which permits a plurality of such devices to be implanted commensurate with the length of the lesion under treatment.

These and other objects of the present invention can be better appreciated from the following detailed description of the invention, taken in conjunction with the attached drawings.

FIGURES

FIG. 1 shows a perspective view of an endovascular support device constructed according to the present invention, in its expanded form.

FIG. 2 shows a support device constructed according to the present invention and compressed onto a balloon catheter.

FIG. 3 shows a support device compressed onto a balloon catheter as shown in FIG. 2, and positioned within a sectioned portion of an affected area of a artery or other vessel.

FIG. 4 shows a support device according to the present invention in its expanded form within a sectioned portion of a vessel including a lesion.

FIG. 5 shows a support device of the present invention in its expanded form within a sectioned portion of a lesion after removal of the balloon catheter.

FIGS. 6*a*–*b* show alternative configurations of a support device according to the present invention.

DETAILED DESCRIPTION OF THE INVENTION

Referring first to FIG. 1, an endovascular support device 10, referred to hereinafter more conveniently as a stent, constructed in accordance with the present invention can be seen in perspective view. The stent 10 of FIG. 1 is shown in its expanded form, prior to compression over a suitable delivery system as discussed in detail hereinafter.

In a preferred embodiment, the stent 10 comprises a single piece of material, bent to form a plurality of upper axial turns 12 and lower axial turns 14. In the embodiment shown in FIG. 1, four upper turns 12 are connected to the four lower turns 14 by substantially straight segments 16. The axial turns 12 and 14 can be seen to permit the stent 10 to be compressed or expanded over a wide range while still maintaining significant mechanical force, such as required to prevent a vessel from restenosing. While a preferred embodiment comprises a single piece of material, in some instances a suitably welded wire may be acceptable.

It will be appreciated that the number of turns 12 and 14 can vary over a reasonably wide range, and may in fact vary between two and ten such turns or peaks. However, it is currently believed that the optimum number of turns or peaks will range between three and five for most applications, and particularly for cardiovascular applications.

The stent 10 is preferably constructed of implantable materials having good mechanical strength. An embodiment which has proven successful in preliminary testing is machined from 316LSS implantable quality stainless steel bar stock. The bar stock is machined to form substantially a toroid, which is then acid etched in phosphoric and sulfuric acid at approximately 180° to 185° to break the edges. The etched toroid is then plated with copper to avoid galling and to provide lubricity.

The copper plated toroid is then bent to the shape of the stent 10 shown in FIG. 1, after which the copper plating is stripped from the stent. The stent is then returned to the acid bath to reduce the wire size to the desired diameter, which is in the range of 0.002" to 0.025". It is presently believed that the optimum wire

size for the final product is in the range of 0.008" to 0.009". It will be appreciated that the strength of the stent—that is, its ability to prevent restenosis—is inversely proportional to the number of peaks or turns in the stent, so that stents having a greater number of turns will typically be formed of larger wire diameters. Finally, although not required in all cases, the outside of the stent may be selectively plated with platinum to provide improved visibility during fluoroscopy. The cross-sectional shape of the finished stent may be circular, ellipsoidal, rectangular, hexagonal, square, or other polygon, although at present it is believed that circular or ellipsoidal may be preferable.

The minimum length of the stent, or the distance between the upper turns 12 and lower turns 14, is determined in large measure by the size of the vessel into which the stent will be implanted. The stent 10 will preferably be of sufficient length as to maintain its axial orientation within the vessel without shifting under the hydraulics of blood flow (or other fluid flow in different types of vessels), while also being long enough to extend across at least a significant portion of the affected area. At the same time, the stent should be short enough as to not introduce unnecessarily large amounts of material as might cause undue thrombosis. Typical cardiovascular vessels into which the stent 10 might be implanted range from 1.5 millimeters to five millimeters in diameter, and corresponding stents may range from one millimeter to two centimeters in length. However, in most instances the stent will range in length between 3.5 millimeters and 6 millimeters. Preliminary testing of stents having a length between 3.5 millimeters and 4.5 millimeters has been performed with good success outside the United States, and testing on animals is also ongoing.

Once the wire size of the stent 10 has been reduced to the desired size, the stent 10 may be crimped onto a balloon 100, as shown in FIG. 2, for delivery to the affected region 102 of a vessel 104 such as a coronary artery. For the sake of simplicity, the multiple layers of the vessel wall 104 are shown as a single layer, although it will be understood by those skilled in the art that the lesion typically is a plaque deposit within the intima of the vessel 104.

One suitable balloon for delivery of the stent 10 is manufactured by Advanced Cardiovascular Systems, Inc., of Santa Clara, Calif. ("ACS"), and is eight millimeters in length with Microglide ® on the shaft only. The stent-carrying balloon 100 is then advanced to the affected area and across the lesion 102 in a conventional manner, such as by use of a guide wire and a guide catheter (not shown). A suitable guide wire is the 0.014" Hi Torque Floppy manufactured by ACS, and a suitable guiding catheter is the ET.076 lumen guide catheter, also manufactured by ACS.

Once the balloon 100 is in place across the lesion 102, as shown in FIG. 3, the balloon 100 may be inflated, again substantially in a conventional manner. In selecting a balloon, it is helpful to ensure that the balloon will provide radially uniform inflation so that the stent 10 will expand equally along each of the peaks. The inflation of the balloon 100, shown in FIG. 4, causes the expansion of the stent 10, from its crimped configuration back to a shape substantially like that shown in FIG. 1. The amount of inflation, and commensurate amount of expansion of the stent 10, may be varied as dictated by the lesion itself, making the stent of the present invention particularly flexible in the treatment of chronic restenosis.

Because of the inflation of the balloon, the lesion 102 in the vessel 104 is expanded, and causes the arterial wall of the vessel 104 to bulge radially, as simplistically depicted in FIG. 4. At the same time, the plaque deposited within the intima of the vessel is displaced and thinned, and the stent 10 is embedded in the plaque or other fibrotic material adhering to the intima of the vessel 104.

Following inflation of the balloon 100 and expansion of the stent 10 within the vessel 104, the balloon is deflated and removed. The exterior wall of the vessel 104 returns to its original shape through elastic recoil. The stent 10, however, remains in its expanded form within the vessel, and prevents further restenosis of the vessel. The stent maintains an open passageway through the vessel, as shown in FIG. 4, so long as the tendency toward restenosis is not greater than the mechanical strength of the stent 10. Because of the low mass of the support device 10 of the present invention, thrombosis is less likely to occur. Ideally, the displacement of the plaque deposits and the implantation of the stent 10 will result in a smooth inside diameter of the vessel 104, although this ideal cannot be achieved in all cases.

One of the advantages of the stent 10 is that multiple stents may be used in the treatment of a single lesion. Thus, for example, in the event the affected area shown in FIGS. 3 and 4 was longer than the stent 10, additional stents 10 could be positioned elsewhere along the lesion to prevent restenosis. In preliminary testing, up to four stents have been used successfully along a single lesion. Due to the conformability of the stent 10, not only can varying lesion lengths be treated, but curved vessels and "S" shaped vessels may also be treated by the present invention. In instances where it is known in advance that multiple stents will be the preferred method of treatment, a plurality of such stents may be positioned along a single balloon catheter for simultaneous delivery to the affected area.

As discussed above, the number of peaks or turns 12 and 14 in the stent 10 may vary between two and ten. To this end, shown in FIGS. 6*a* and 6*b* are two alternative configurations of the stent 10. The alternative embodiment shown in 6*a* can be seen to have three upper and three lower peaks or turns, while the embodiment shown in FIG. 6*b* can be seen to have ten upper and ten lower peaks.

While the primary application for the stent 10 is presently believed to be treatment of cardiovascular disease such as atherosclerosis or other forms of coronary narrowing, the stent 10 of the present invention may also be used for treatment of narrowed vessels in the kidney, leg, carotid, or elsewhere in the body. In such other vessels, the size of the stent may need to be adjusted to compensate for the differing sizes of the vessel to be treated, bearing in mind the sizing guidelines provided above.

Having fully described a preferred embodiment of the invention, those skilled in the art will immediately appreciate, given the teachings herein, that numerous alternatives and equivalents exist which do not depart from the present invention. It is therefore to be understood that the present invention is not to be limited by the foregoing description, but only by the appended claims.

I claim:

1. A stent for implantation within a vessel within the human body comprising a plurality of N substantially straight segments of wire-like material, each segment having a first and second ends wherein the first end of a first segment is connected to the first end of a second segment, the second end of the second segment is connected to the second end of the third segment, the first end of the third segment is connected to the first end of the fourth segment, and so on until the second end of the Nth segment is connected to the second end of the first segment, with no segment overlapping any other segment and the plurality of segments being capable of being compressed onto a catheter for delivery to an affected area of a vessel and then forcibly expanded to maintain the affected area of a vessel at a diameter larger than if the support device were not implanted.

2. The stent of claim 1 wherein the value of N is between six and twenty.

3. The stent of claim 2 wherein the plurality of segments of wire-like material are formed as a single unit and then bent to form the plurality of segments.

4. The stent of claim 3 wherein the plurality of segments are formed of surgical stainless steel.

5. The stent of claim 4 wherein the plurality of segments are plated with platinum.

6. A stent for implantation in a vessel within the human body comprising a unitary wire-like circular member bent to form a plurality of N substantially straight, non-overlapping segments wherein each segment has a first end and a second end, and the first end of the first segment is connected to the first end of the second segment, the second end of the second segment is connected to the second end of the third segment, the first end of the third segment is connect to the first end of the fourth segment, and so on until the second end of the Nth segment is connected to the second end of the first segment, the stent being compressed onto a catheter for delivery to an affected area of a vessel and then forcibly expanded to maintain the affected area of a vessel at a diameter larger than if the support device were not implanted, the value of N being between six and twenty.

7. The stent of claim 6 wherein the stent is formed of surgical stainless steel and plated with platinum.

* * * * *

EX. C

United States Patent [19]

Delsanti

[11] Patent Number: 4,998,539

[45] Date of Patent: Mar. 12, 1991

[54] METHOD OF USING REMOVABLE ENDO-ARTERIAL DEVICES TO REPAIR DETACHMENTS IN THE ARTERIAL WALLS

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[51] Int. Cl.[5] A61M 29/00

[52] U.S. Cl. 128/898; 606/198; 606/194

[58] Field of Search 128/343, 345, 341, 348.1, 128/898; 604/104, 107; 606/108, 153, 155, 156, 198, 200, 194

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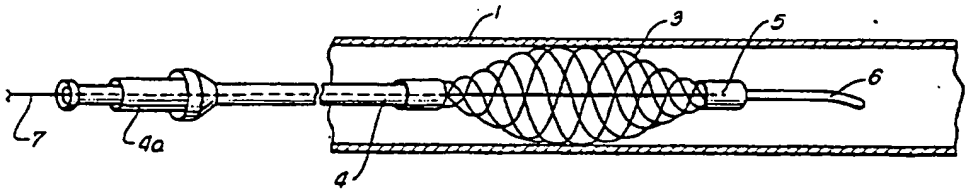
Attorney, Agent, or Firm—Fulwider, Patton, Lee & Utecht

[57] ABSTRACT

A removable endo-arterial device intended to repair detachments in arterial walls which includes a deformable cuff made of netting of interlocked wires and fixed to the distal end of a catheter, the other end of which is equipped with a funnel. The device also includes a stiff wire extending over the entire length of the catheter and attached to the distal end of said deformable cuff. When this wire is pulled, the cuff is dilated and applies itself against the arterial wall. Preferably, an inflatable balloon is disposed within the cuff to facilitate the expansion thereof. One application of the invention is the repair of flaps of arterial wal which are detached during the course of an intervention correcting a stenosis with an inflatable balloon.

3 Claims, 2 Drawing Sheets



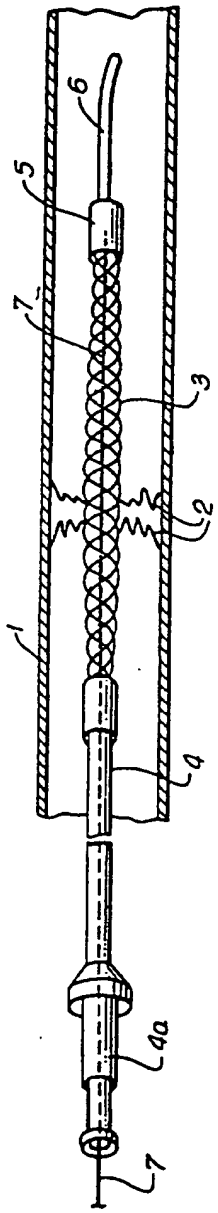


FIG. 1

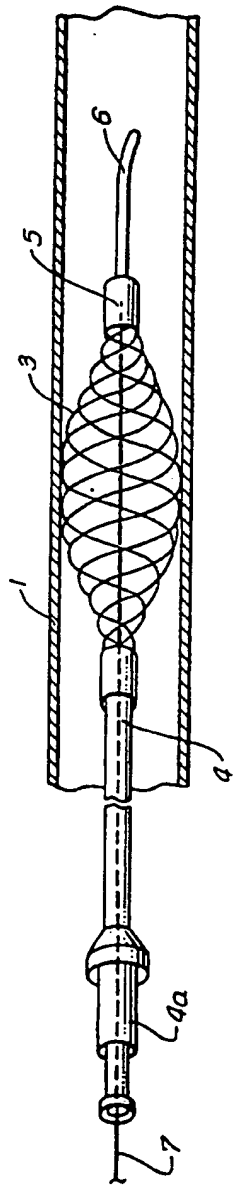


FIG. 2

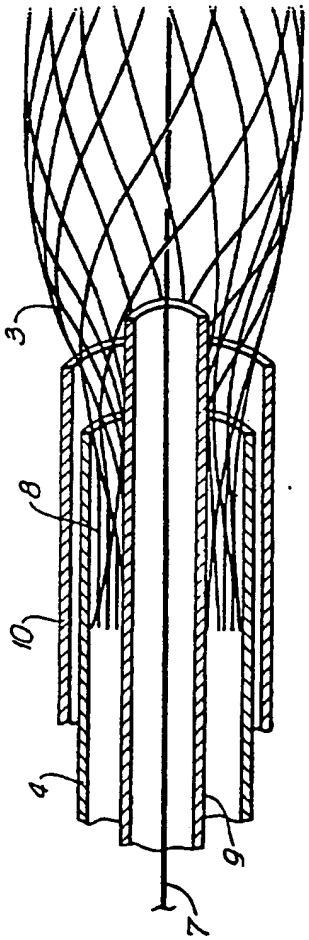


FIG. 3

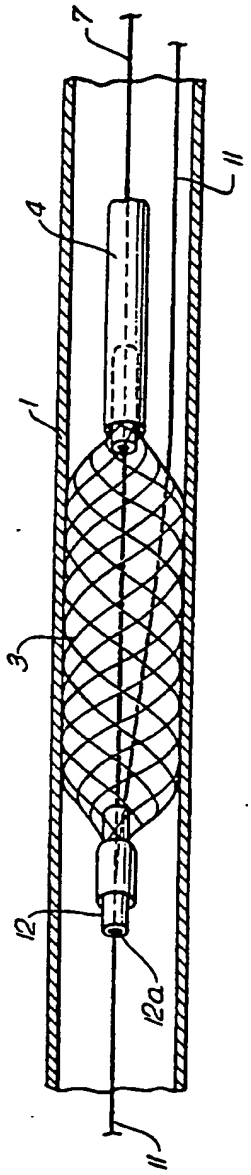


FIG. 4

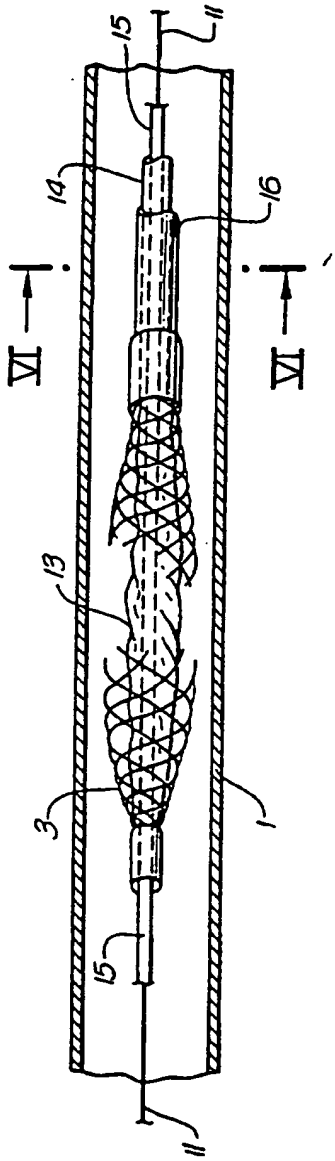


FIG. 5

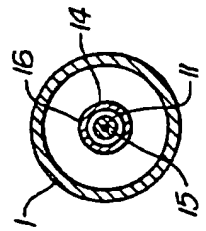


FIG. 6

METHOD OF USING REMOVABLE ENDO-ARTERIAL DEVICES TO REPAIR DETACHMENTS IN THE ARTERIAL WALLS

The present invention covers endo-arterial devices temporarily installed in an artery in order to re-attach flaps which have been detached from the wall.

The technical field of the invention is the construction of surgical equipment used in cardio-vascular interventions.

There are known devices consisting of a small inflatable balloon at the end of a catheter used to dilate strictures in the arteries, especially the coronary arteries.

Such a catheter bearing a balloon is introduced into an artery, for example into the femoral artery, until the balloon reaches the stricture. The ballooon is then inflated with a fluid pumped in through the catheter and pushes back the arterial wall thus eliminating the stricture. The balloon must then be deflated very quickly, since it blocks the artery and impairs the blood circulation.

It so happens that a similar intervention may cause detachments of the part of the arterial wall called intima, and the detached wall flaps inhibit the blood circulation and may result in severe and even fatal accidents if the circulation is interrupted.

Devices consisting of a cylindrical elastic cuff inserted over an inflatable balloon fixed to the end of a catheter have been tried for the prevention of such accidents.

The balloon is folded back over the cuff so as to keep the latter in an elongated shape of small diameter while it is being pushed through the arteries.

Once the balloon bearing the elastic cuff has arrived at the site of the wall detachment, it is inflated so that the folded part slips loose releasing the cuff which increases in diameter and plasters itself against the internal wall of the artery where it remains indefinitely.

This device prevents the inconvenience of introducing a foreign body into the artery to remains stationary there with all the risks of blood clots which this implies.

The object of the present invention is attained with a device consisting of a deformable cuff made up of a net of twisted and interlocking wires mounted at the end of a catheter which is then introduced into an artery. It also includes some means activated from the external end of said catheter to move the two ends of said deformable cuff closer together or farther apart in order to give said cuff a wider shape which presses it against the arterial wall or a flat, elongated shape which permits introduction of the cuff and catheter into the artery or their withdrawal.

According to the preferential embodiment of said invention, the means used to reduce or extend the distance between the two end of the deformable cuff are made up by a wire of the piano wire type which makes it possible to exert a push and which is fixed to the distal end of said cuff while freely passing through the proximal end of it and extending through the entire length of said catheter.

According to another embodiment, a device under this invention includes, in addition, an inflatable balloon located inside said deformable cuff and is mounted at the end of an inflation tube which, in turn, runs inside said catheter.

The invention produces new devices usable in cardiovascular interventions, especially in interventions intended to remove stenoses of the coronary arteries in case of a severe risk of infact or after an infarct has occurred.

The devices according to this invention present the advantage that the deformable net allows the blood to pass between the mesh openings when it is applied against the wall of an artery. It can therefore be left in place for a duration on the order of one or more hours which is more than sufficient to ensure cicatrization of the flaps detached from the arterial wall.

As compared to the known devices which involve an elastic cuff remaining stationary in the artery, the devices under this invention have the advantage of being removable so that there is no risk of rejection phenomena or of the formation of blood clots. The devices under this invention include an inflatable balloon placed inside a cuff or deformable net which makes it possible to treat a stenosis and, if necessary, to immediately repair the arterial wall. They therefor reduce the risk of postoperative complications and can even be used for interventions on strictures of the common trunk of the coronary arteries.

The following description refers to the enclosed drawings which represent examples of embodiments of the devices under this invention without being in any way limitative.

FIG. 1 is a longitudinal section of a first embodiment of a device according to this invention, in an elongated position.

FIG. 2 is a longitudinal section of a device according to FIG. 1 in the deployed position.

FIG. 3 is a longitudinal section of the fixation of the proximal end of the deformable cuff over the distal end of a catheter.

FIG. 4 is a longitudinal section of a second embodiment of a device according to this invention.

FIG. 5 is a longitudinal section of a third embodiment of a device according to this invention.

FIG. 6 is a cross secton along VI—VI in FIG. 5.

FIG. 1 shows a longitudinal section of an artery 1 which could be a coronary artery presenting a stricture or stenosis. During a first intervention, a catheter bearing an inflatable balloon at the end has been inserted into the artery until said balloon reached the stenosis. The balloon was then inflated with a fluid pumped in through the catheter. The inflated balloon has pushed the arterial wall back and removed the stenosis. Since the inflated balloon blocks the artery, it had to be quickly deflated.

The inflating and deflating operation of the balloon may be repeated several times.

Subsequently, the balloon and catheter are withdrawn. It happens that during these operations, the internal wall of the artery, called intima, suffered some detachments 2 which could block the artery and result in the death of the patient.

A device according to this invention is a removable endoarterial prothesis intended to reduce these risks by applying the detached flaps of wall against the artery long enough for cicatrization to take place.

FIG. 1 shows a device according to this invention in its elongated shape which makes it possible to introduce or withdraw it from the artery.

FIG. 2 represents a device according to the invention in its deployed form in which it is widened so that it presses the detached wall flaps against the artery.

A device according to the invention includes a deformable cuff 3 made of a net of twisted and interlocked

wires which could, for instance, be of stainless steel wires or of any other material having equivalent properties of compatibility with the blood.

The deformable cuff 3 is fixed to the end of a small flexible tube 4 which has a diameter on the order of a few millimeters and serves as catheter.

The distal end of the deformable cuff 3 is fixed to a small muff 5 on which a small flexible axial rod 6 is mounted which procedes the deformable cuff 3 and serves as guide for the latter along the artery.

A device according to FIGS. 1 and 2 includes, in addition, an axial wire 7 of the piano-wire type which is fixed to the distal end of cuff 5, passes through the latter and extends over the entire length of the catheter.

The catheter is equipped at its outer end with a funnel 4*a* of a known kind, for example a funnel of the "LUER-LOCK" type. Wire 7 passes through the connection 4*a*, so that its end is accessible outside the catheter.

The practical application of a device according to FIGS. 1 and 2 is the following:

The catheter bearing at its end a deformable cuff 3 which is fully elongated as shown in FIG. 1 and which therefore has a very small cross section is introduced into the artery. The progress of cuff 3 is controlled by radiography. When it reaches the area of the former stenosis, the end of wire 7 is pulled while the catheter is held in place in the artery. The pull exerted on said wire has the effect of bringing the distal end of cuff 3 close to its proximal end.

The cuff dilates as shown in FIG. 2 and comes to rest against the arterial wall, thus pressing the detached flaps back against said wall. Cuff 3 is left in this position for as long as one or more hours, since the blood can freely circulate through the mesh openings of the cuff which at that time are open. When it is deemed that sufficient time has elapsed for the flaps to adher again to the wall, the outer end of wire 7 which is stiff enough not to bend is pushed and causes the distal end 5 of cuff 3 to move away, so that the cuff is again in its elongated position. The catheter 4, wire 7 and cuff 3 are them withdrawn together from the artery.

FIG. 3 is a larger-scale axial section of the proximal end of the deformable cuff 3. In this Figure we find again the flexible tube or catheter 4 and the axial wire 7.

Wires 8 which make up the end of the deformable cuff are unraveled, inserted and fixed parallel to the axis between the end of tube 4 and a second tube 9 which is placed inside the latter and in which wire 7 runs freely.

Tube 9 should preferibly extend over the entire length of tube 4. The ends of wire 8 are glued between tube 4 and tube 9.

It is recommended to slip a thermo-shinkeable sleeve 10 over the proximal end of the cuff and then heat-shrink it.

In FIG. 3 we see that the proximal end of the deformable cuff 3 which is fixed to catheter 4 and to the internal tube 9 slides freely over the pull wire 7.

FIG. 4 shows another embodiment of a device according to the invention.

When an inflatable balloon is introduced into an artery to correct a stenosis, the intervention generally begins with insertion into the artery of a guide wire of the piano-wire type. The catheter is then slipped over this wire bearing at its end the inflatable balloon through which passes a small axial tube which engages said wire and follows it.

When the stenosis has been eliminated, the balloon is deflated and withdrawn from the artery, but the guide wire may be left in place for some minutes in case it becomes necessary to use the balloon again.

The device according to FIG. 4 is designed to be used in this case.

The mark 11 represents a guide wire inserted into artery 1.

The device again includes a net 3 in form of a deformable cuff composed of interlocked wire mounted at the end of a small tube 4 and an axial wire 7 fixed to the distal end of the net which makes it possible to bring the latter closer to the proximal end in order to open the net or to push it farther away in order to close the latter. The distal end is loccated to the left in FIG. 4.

The device according to FIG. 4 also includes a small piece of tubing 12 which delimits an axial conduit 12*a* passing through the distal end of the cuff.

During application of the device according to FIG. 4, the end of the guide wire which extends outside the artery in conduit 12*a* is inserted and then turned back from the cuff towards the proximal end through the mesh of the net. This permits to guide the cuff until it reaches the zone where the stenosis had been located and previously corrected with an inflatable balloon.

During this insertion, the net 3 is in an elongated position. Once the device has arrived at the site, the axial wire 7 is pulled to open the net and bring it into the position shown in FIG. 4. It may be left in this position for several hours. Subsequently, the net is re-folded by pushing on the axial wire 7 and pulling on tube 4, and the catheter is withdrawn from the artery along guide wire 11.

FIGS. 5 and 6 represent another embodiment of a device according to the invention, including a netted cuff combined with an inflatable balloon.

To this date, inflatable balloons are used to correct the stenoses of the coronary arteries but only downstream from the common trunk, i.e. from the bifurcation of the circumflex and interventricular anterior arteries. They are used only very exceptionally to intervene on the common trunk because of the fact that detachments of the wall in the common trunk occurring after the invervention with an inflatable balloon would deprive a large part of the heart of irrigation and thus cause almost instantaneous death.

FIGS. 5 and 6 show a device according to this invention which would permit interventions on stenoses of the common trunk and also on strictures located below the latter or on other arteries.

The devices according to FIG. 5 include a deformable balloon 13 of the kind currently used for angioplasty mounted at the end of a flexible tube 14. An axial tube 15 passes through the balloon from one end to the other and is fixed to the latter by one or both of its ends.

FIGS. 5 and 6 show an embodiment having two coaxial tubes 14 and 15.

As a variation, a single tube divided into two conduits by an inner partition could also be used.

Tubes 14 and 15 extend to the outside where they end in a funnel of a known type, for example a "LUER-LOCK" funnel, which may be simple or include a derivation for the injection of fluid into the catheter.

The axial tube 15 is to receive the guide wire 11 which has previously been introduced into the artery.

The interspace between tubes 14 and 15 is intended for injection or pumping of the inflation fluid into balloon 13.

The device also includes a net 3 in form of a cuff, composed of plaited wires surrounding the inflatable

balloon, the distal end of which is fixed to the distal end of said balloon, while the proximal end slides freely on tube 14.

For the sake of clarity in the drawing, net 3 is shown partly cut away.

Net 3 is mounted at the end of a flexible tube 16 which encloses tubes 14 and 15.

The steps of practical application are the following:

When a stenosis is to be corrected, a guide wire 11 is first introduced into the artery. The axial tube 15 is then inserted over it and the device according to FIG. 5 is then pushed along guide wire 11 in a stretch, i.e. the balloon 13 is collapsed and net 3 is elongated. The progress is checked by radiography. Once the net and balloon are in place, a fluid is pumped in between tubes 14 and 15 which inflates the balloon and, in turn, dilates the artery and eliminates the stricture.

The highly flexible and deformable net 3 does not hamper the inflation of the balloon, since it slides in relation to the latter. The inflation of the balloon causes the dilation of the net.

Once the stricture has been eliminated, the fluid is withdrawn and the balloon is deflated, but the net remains in place against the internal wall of the artery. If necessary, the net is pressed against the wall of the artery by pushing on tube 16 which is sufficiently rigid to transmit the thrust. The axial tube 15 is held fast to immobilize the distal end.

The blood circulates through the mesh of the netting and the prothesis may be left in this position for a time on the order of one to several hours which is more than enough for the eventual detachments of the inner arterial wall to heal.

Subsequently, tube 16 is pulled while keeping the axial tube 15 in place which has the effect of moving the two ends of net 3 further apart and putting the latter back into an elongated position, then the entire complex of the device is pulled out of the artery along guide wire 11. In the embodiment according to FIGS. 5 and 6, it is not necessary to use a wire to cause the deformation of cuff 3. The central tube 15 which is fixed to the distal end of the net and tube 16 which is fixed to the proximal end of the net are sufficient to permit moving these two ends towards or away from each other.

What is claimed is:

1. A method of treating a patient's artery after the use of a catheter in an interventional procedure therein has damaged a section of arterial lining which can result in a blood flow restriction through the damaged arterial section, the method comprising:

(a) withdrawing from the patient's artery the catheter used in the interventional procedure;

(b) providing a separate catheter assembly having an elongated catheter body with an expandable member at the distal end thereof formed of interwoven strands of wire or fiber which are secured at the proximal and distal ends of the expandable member;

(c) advancing the catheter assembly into and through the patient's arterial system until the expandable member is disposed within the damaged arterial section;

(d) reducing the axial spacing between the distal and proximal ends of the expandable member to expand the expandable member to radially press the strands thereof against the damaged arterial lining and thereby expand the passageway through the damaged arterial section and increase the blood flow therethrough;

(e) holding the expandable member stationary within the damaged arterial section in the expanded condition with the strands thereof pressing against the damaged arterial lining while blood flows through the arterial passageway for a period of sufficient length to ensure that the arterial lining within the damaged section is resecured to the arterial wall;

(f) increasing the axial spacing between the proximal and distal ends of the expandable member at the end of said period to thereby reduce the radial dimension thereof so that the expandable member can be removed from the damaged arterial section; and

(g) removing the catheter assembly from the patient's artery.

2. The method of claim 1 wherein a guidewire is first advanced through the patient's arterial system to a site therein for the interventional procedure and then after the interventional procedure the catheter assembly having the expandable member at the distal end thereof is advanced over the previously placed guidewire to the site having a flow restriction which results from the interventional procedure.

3. A method of treating a patient's artery after an interventional procedure therein has damaged the arterial lining resulting in a blood fow restriction in the passageway therethrough, the method comprising:

(a) providing a catheter assembly having an expandable member at the distal end thereof formed of interwoven strands of wire or fiber which are secured at the proximal and distal ends of the expandable member;

(b) advancing the catheter assembly through the patient's arterial system until the expandable member is disposed within the blood flow restriction in the arterial passageway;

(c) reducing the axial spacing between the distal and proximal ends of the expandable member to increase the radial dimension thereof to radially press the strands thereof against the flow restriction and thereby expand the passageway and increase the blood flow therethrough;

(d) holding the expandable member stationary in the expanded condition within the flow restriction while blood flows through the arterial passageway for an extended period of at least one hour;

(e) increasing the axial spacing between the proximal and distal ends of the expandable member at the end of said period to thereby reduce the radial dimension thereof so that the expandable member can be removed from the site of the flow restriction; and

(f) removing the catheter assembly from the patient's artery.

* * * * *

Ex. D

US005618299A

United States Patent [19]

Khosravi et al.

[11] Patent Number: 5,618,299

[45] Date of Patent: *Apr. 8, 1997

[54] RATCHETING STENT

[75] Inventors: Farhad Khosravi, Belmont, Calif.; Michael S. Williams, Chapel Hill, N.C.

[73] Assignee: Advanced Cardiovascular Systems, Inc., Santa Clara, Calif.

[*] Notice: The term of this patent shall not extend beyond the expiration date of Pat. No. 5,441,515.

[21] Appl. No.: 512,300

[22] Filed: Aug. 8, 1995

Related U.S. Application Data

[62] Division of Ser. No. 52,410, Apr. 23, 1993, Pat. No. 5,441,515.

[51] Int. Cl.[6] A61M 29/00

[52] U.S. Cl. 606/198; 606/191

[58] Field of Search 606/1, 108, 190–198; 623/1, 11, 12

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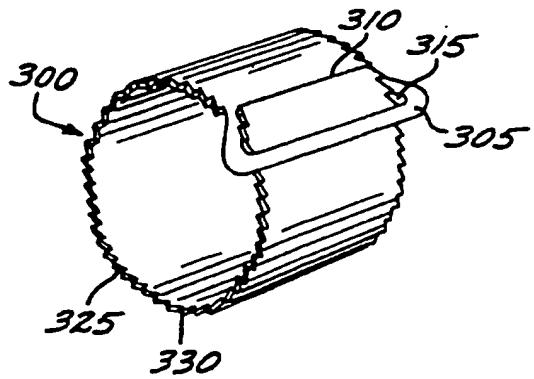
Primary Examiner—Glenn Dawson

Attorney, Agent, or Firm—Fulwider Patton Lee & Utecht, LLP

[57] ABSTRACT

An intravascular stent including a cylindrical sheet having overlapping edges that interlock. The edges have a series of protrusions and apertures that interlock and ratchet as the stent expands to an open position to support a section of arterial wall. The stent may be expanded by a balloon catheter or it may be self-expanding. The stent is biocompatible, may be bio-erodible, and capable of localized drug delivery. A plurality of retaining members to keep the stent open are disclosed. In one embodiment a buckle fastening member is used, while in another embodiment a helical seam containing projections is employed. The stent may be wound in such a manner that during expansion of the stent one side of the sheet desires to return to its original shape, creating a bias. In addition, a variety of reticulated structure stents are disclosed, with novel geometric patterns that aid in increased flexibility while preserving radial strength and also allow blood-tissue interaction and side branch access. The intravascular stent may be made of a sheet of material strengthened and stiffened by pyrolytic carbon or by structural reinforcement as in composite laminates.

1 Claim, 11 Drawing Sheets



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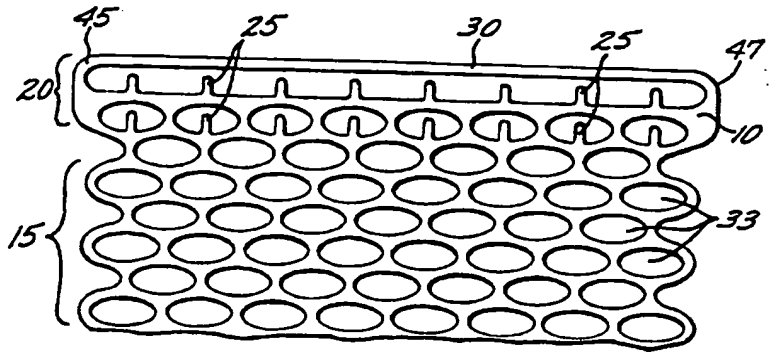


FIG. 1

FIG. 2

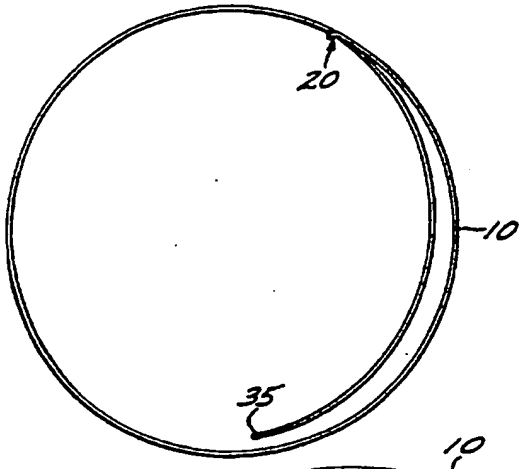
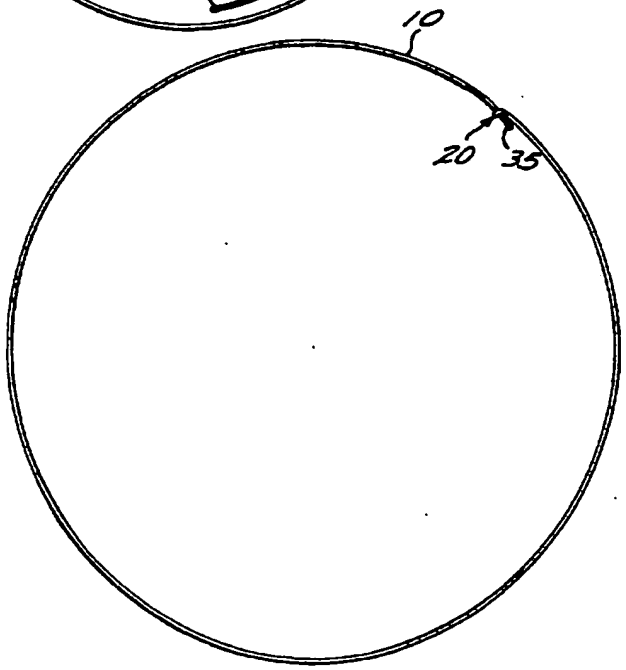


FIG. 3



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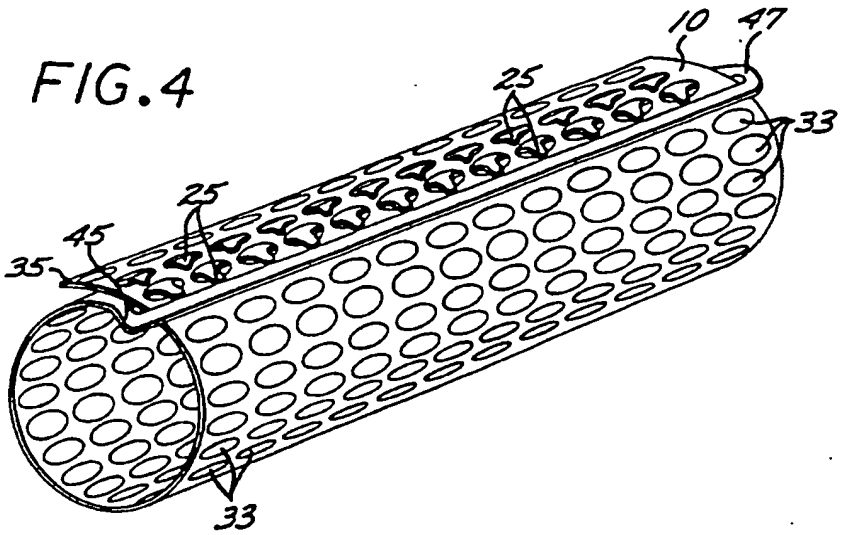

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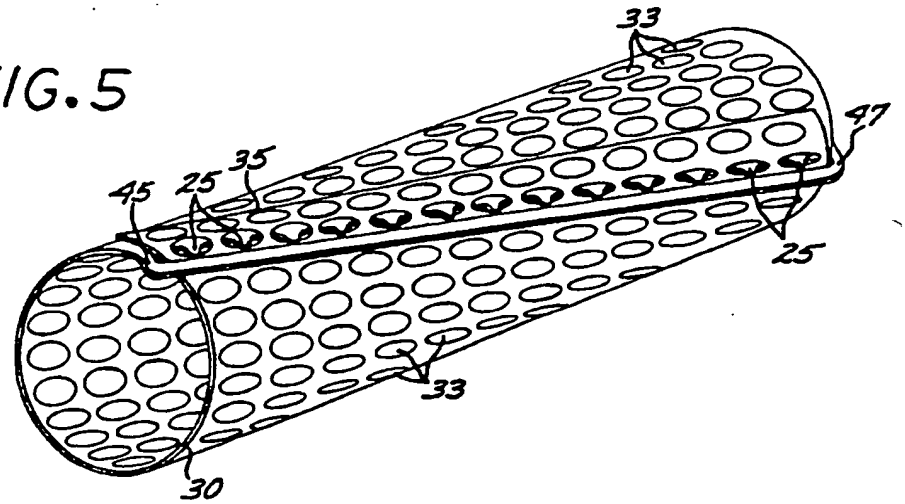


FIG. 6

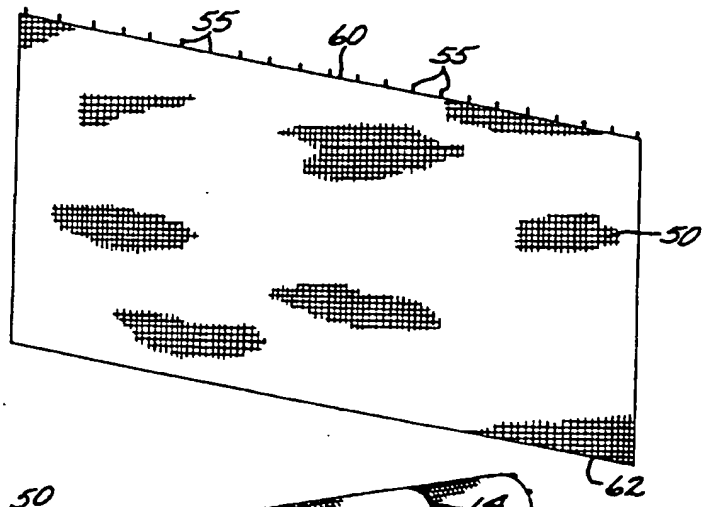


FIG. 7

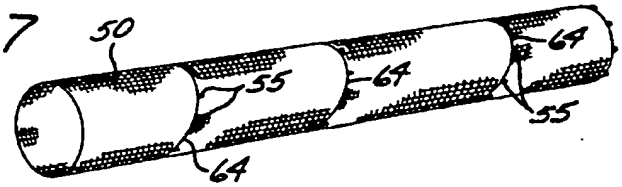


FIG. 8

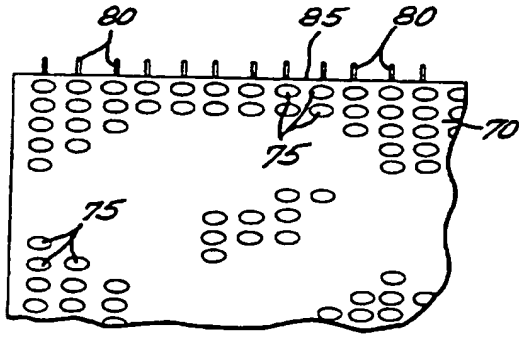


FIG. 9

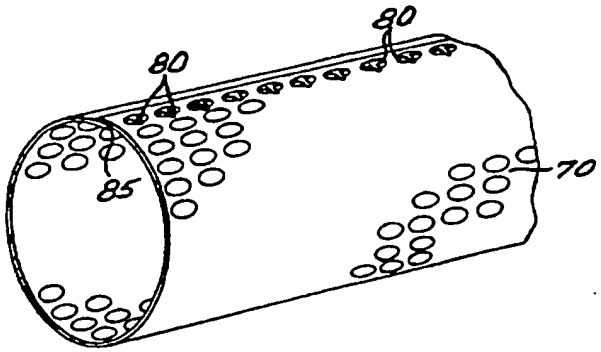


FIG.10

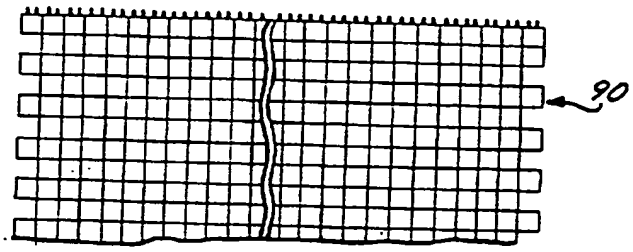


FIG.11

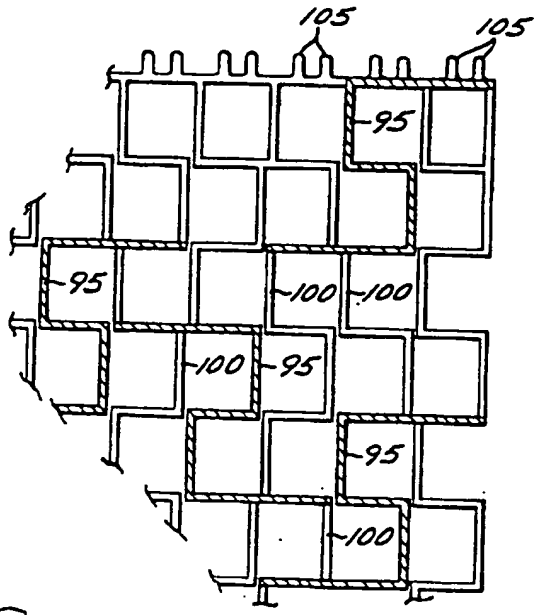
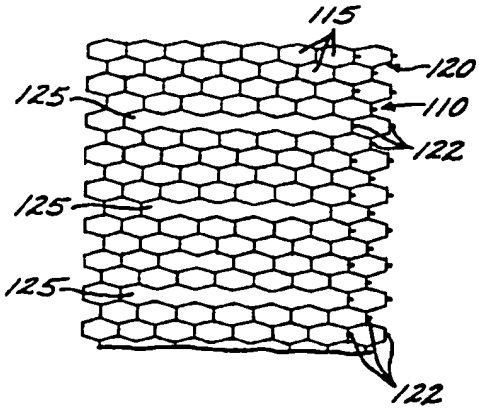


FIG.12



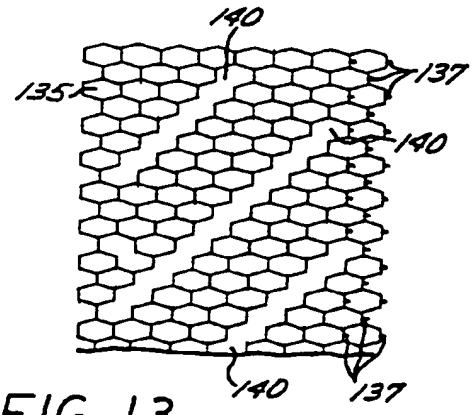
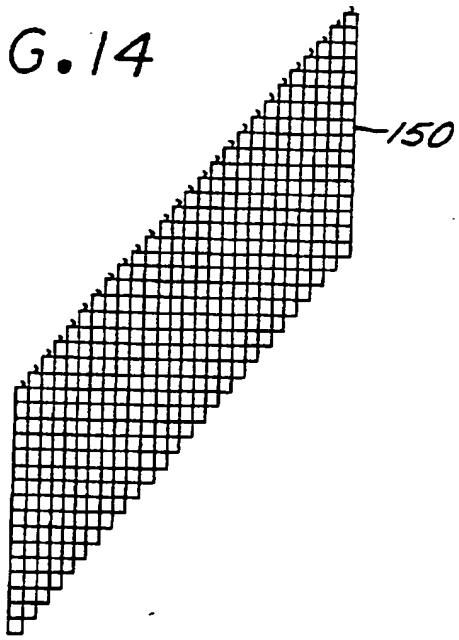


FIG.13

FIG. 14



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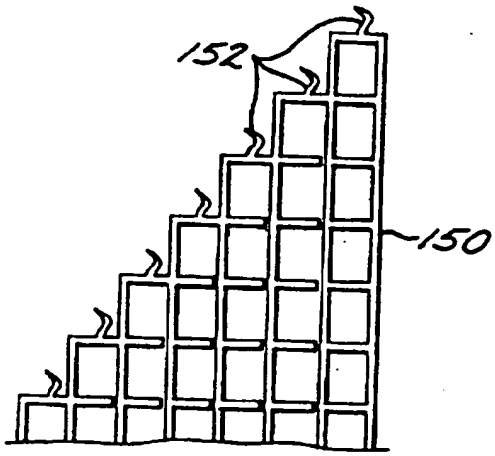


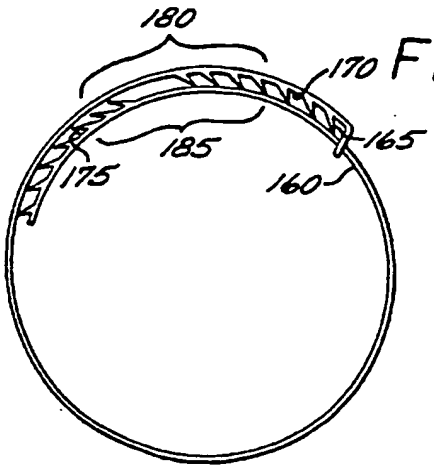


FIG. 16

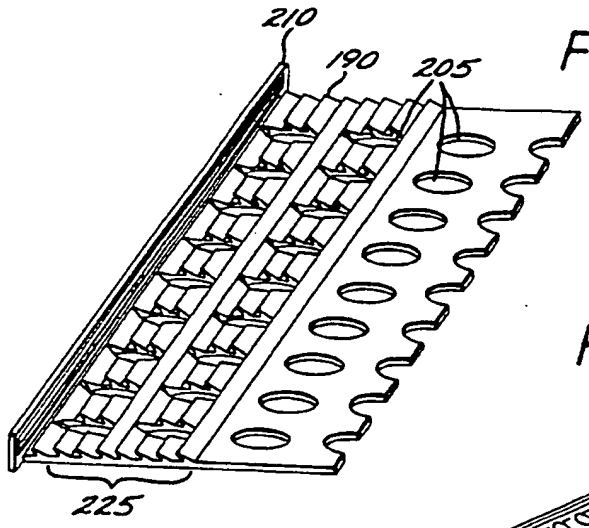
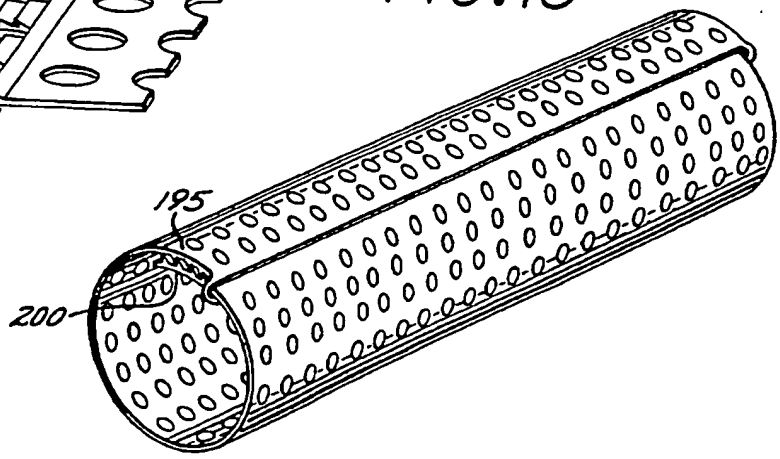


FIG. 17

FIG. 18



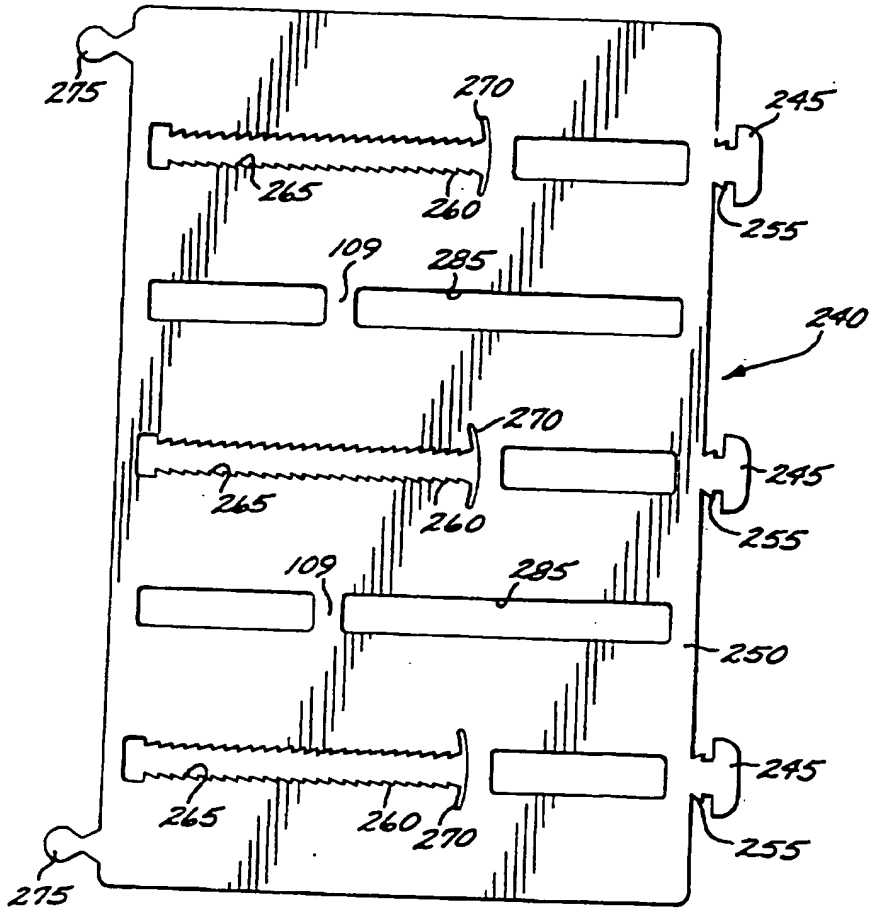

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FIG. 19

FIG. 20

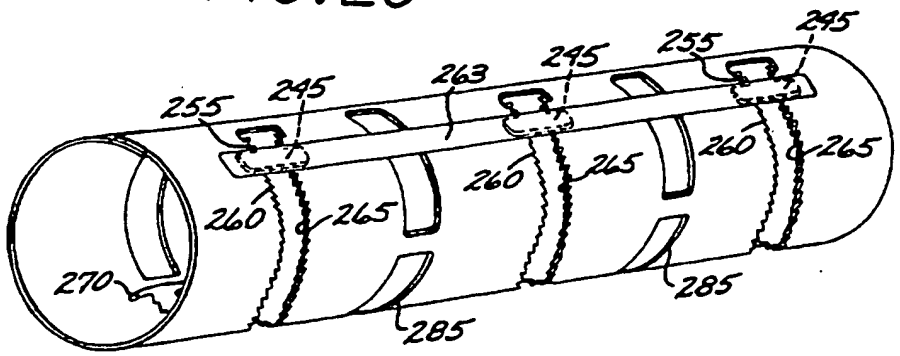
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FIG. 21

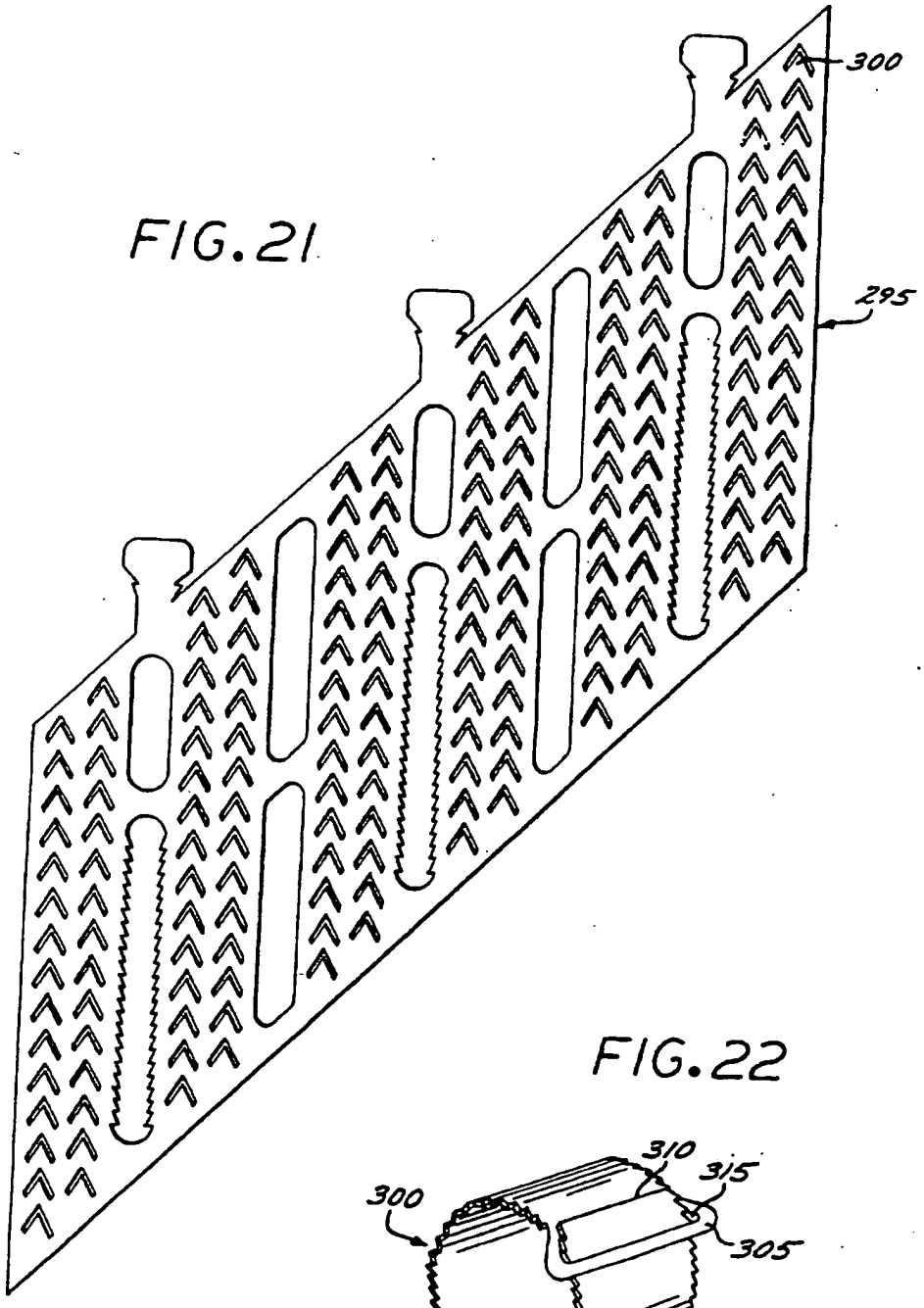

FIG. 22

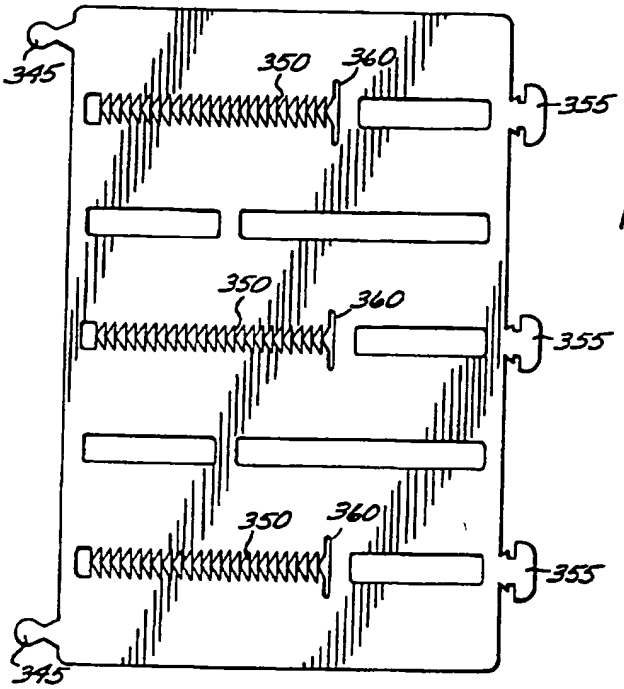
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FIG. 23

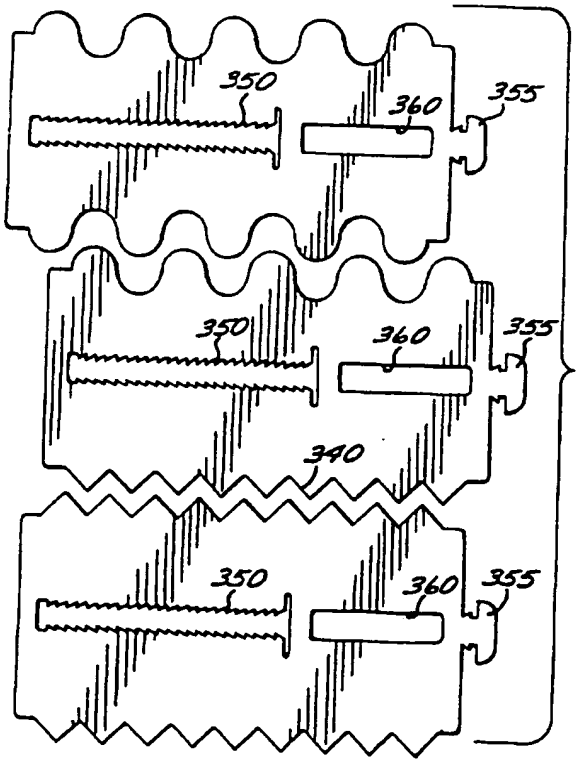
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FIG. 24

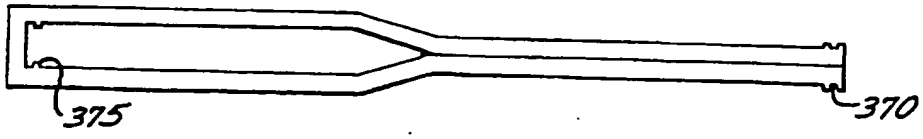
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FIG. 25

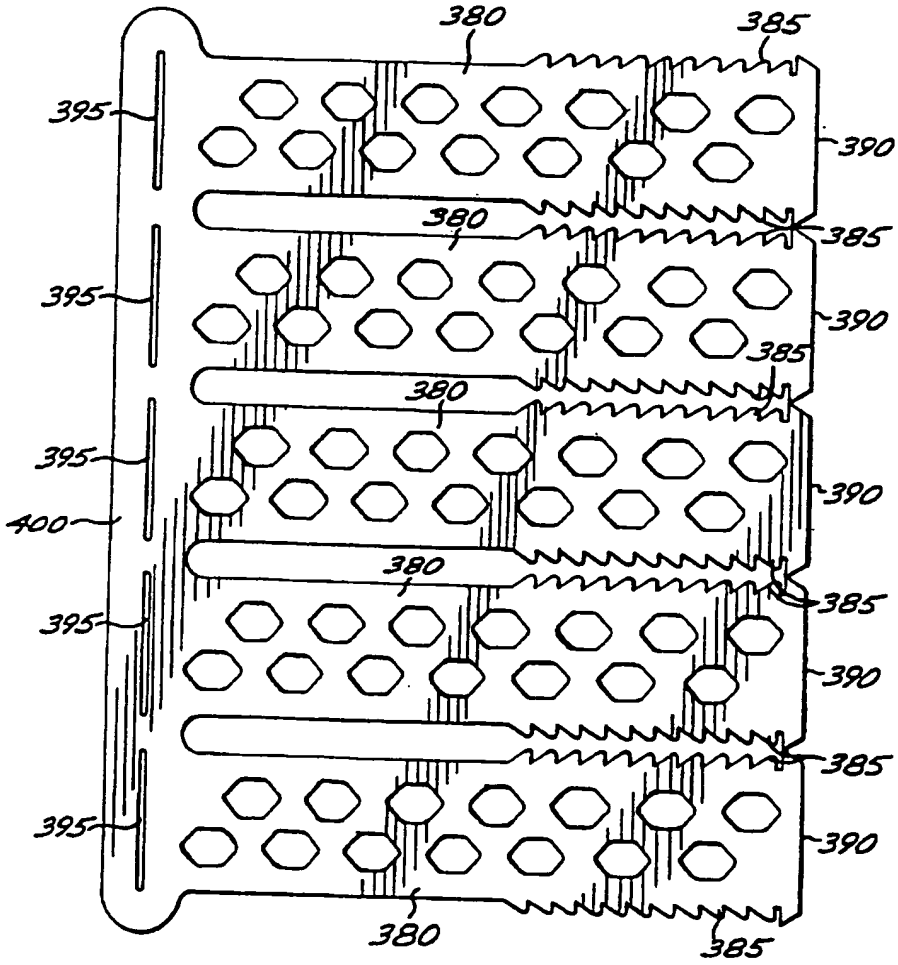
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FIG. 26

FIG. 27

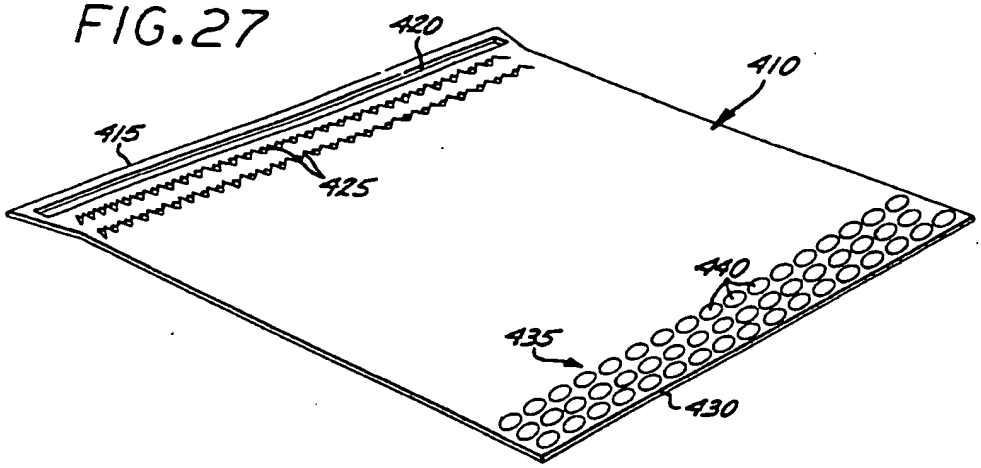
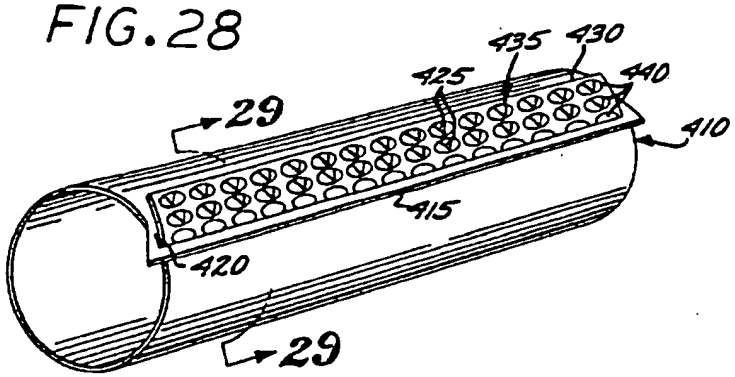


FIG. 28



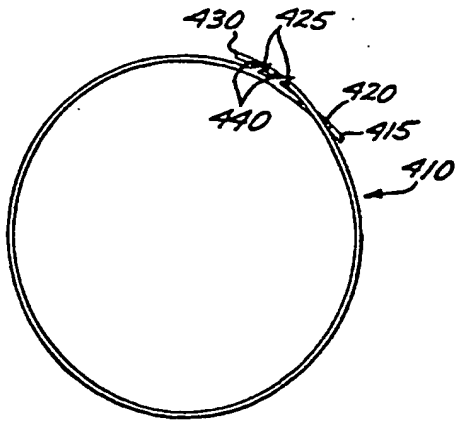


FIG. 29

RATCHETING STENT

This application is a division of U.S. Ser. No. 08/052,410, filed Apr. 23, 1993, now U.S. Pat. No. 5,441,515.

BACKGROUND OF THE INVENTION

1. Field Of The Invention

The present invention generally relates to expandable endoprosthesis devices, in particular expandable intraluminal vascular grafts, generally called stents, adapted to be implanted into a body lumen, such as a coronary artery, to maintain the patency of the lumen. These devices are frequently used in the treatment of atherosclerotic stenosis in blood vessels, especially after percutaneous transluminal coronary angioplasty (PTCA) procedures, with the intent to help reduce the likelihood of restenosis of a blood vessel. Stents are also used to support a body lumen where a flap or dissection has occurred or in general where the lumen is weak. The present invention also relates to an expandable intraluminal vascular graft that can be used in any body lumen.

2.Description Of Related Art

In expandable stents that are delivered with expandable catheters, such as balloon catheters, the stents are positioned over the balloon portion of the catheter and expanded from a reduced diameter to an enlarged diameter greater than or equal to the diameter of the artery wall, by inflating the balloon. Stents of this type can be expanded to an enlarged diameter by deforming the stent, by engagement of the stent walls with respect to one another, and by one-way engagement of the stent walls together with endothelial growth into the stent. Other stents are self-expanding, through the properties of the material constituting the stent or by design.

SUMMARY OF THE INVENTION

The present invention is directed to a stent, adapted to be inserted within a body lumen, and designed to expand and lock in an enlarged diameter form.

The stent of the present invention is designed to engage in a sure manner, and, once engaged, to stay engaged with a high degree of reliability.

The stent of the present invention comprises a variety of embodiments. In some embodiments of the stent the stent is locked along its seam by a locking member analogous to a "buckle." This buckle also may serve as a means for aligning the edges.

In another embodiment of the stent a helical seam employing teeth is used, so that failure of the stent along the locking portion will not result in catastrophic failure of the stent in maintaining patency. In yet another embodiment of the stent a plurality of reticulated structures are used to form the stent.

The stent of the present invention may be made of a variety of materials, including biocompatible and bio-resorbable (bio-erodible) polymers, thermal shaped memory polymers or metals, biocompatible metals, or super elastic materials such as nickel-titanium alloys. A material constituting the stent can be a thin flexible polymer material, such as a polyimide, coated with a thin strengthening material comprising a pyrolytic carbon.

The stent of the present invention is designed for flexibility coupled with radial strength.

The stent may be deployed in a body lumen through a variety of devices, including but not limited to balloon catheters and specialized stent delivery catheters.

BRIEF DESCRIPTION OF THE DRAWINGS

FIG. 1 shows a portion of a sheet forming the stent of one embodiment of the present invention.

FIG. 2 shows a cross-sectional view taken along a plane perpendicular to the longitudinal axis of the stent of FIG. 1, when the stent is rolled up in a reduced diameter form.

FIG. 3 shows a cross-sectional view taken along a plane perpendicular to the longitudinal axis of the stent, when the stent is unrolled in an expanded diameter form.

FIG. 4 shows a perspective view of an embodiment of the present invention.

FIG. 5 shows a perspective view of another embodiment of the present invention, showing the locking seam offset along a helical spiral.

FIG. 6 shows another embodiment of the present invention, showing a sheet forming the stent, prior to being rolled up to form the stent.

FIG. 7 shows a perspective view of a stent formed by the sheet of FIG. 6 of the present invention.

FIG. 8 shows an embodiment of the present invention showing a portion of a stent forming sheet having apertures and projections.

FIG. 9 shows a perspective view of a stent formed by the sheet of FIG. 8 of the present invention.

FIG. 10 shows an embodiment of stent forming sheet employing a reticulated box-like configuration.

FIG. 11 shows a closeup view of a sheet employing reticulated S-shaped members.

FIG. 12 shows an embodiment of the present invention using a reticulated honeycomb-like structured sheet material having horizontally spaced gaps to allow increased flexibility.

FIG. 13 shows an embodiment of the present invention using a reticulated honeycomb-like structured material having transversely spaced gaps to allow increased flexibility.

FIG. 14 shows an embodiment of the present invention using a parallelogram shaped reticulated structured stent forming material having a helical locking seam with a plurality of hook shaped members on the helical seam.

FIG. 15 shows an enlarged portion of the sheet of FIG. 14.

FIG. 16 shows a cross-sectional view of an embodiment of the present invention employing overlapping edges engaged by teeth.

FIG. 17 shows an enlarged view of the edge of a stent portion.

FIG. 18 shows a perspective view of a stent of the FIG. 17 embodiment.

FIG. 19 shows a view of a stent forming sheet of material employing locking tabs.

FIG. 20 shows a perspective view of an embodiment of the present invention formed from the sheet of FIG. 19.

FIG. 21 shows a view of a stent forming sheet of material employing a parallelogram shape.

FIG. 22 shows a perspective view of another stent, employing a ring-like configuration.

FIGS. 23–26 show laid out views of other embodiments of stent forming sheets.

FIG. 27 shows a perspective view of a stent forming sheet of another embodiment of the present invention.

FIG. 28 shows a perspective view of a stent formed with the sheet of FIG. 27.

FIG. 29 shows a cross-sectional view of the stent of FIG. 28.

DETAILED DESCRIPTION

As shown by FIGS. 1–4, a flat sheet or membrane of material 10 is formed with an oval-shaped mesh pattern in the body portion 15 of the sheet. One end of body portion 15, buckle portion 20, includes a pair of rows of teeth 25 and an outer loop portion 30. The sheet is formed into a substantially cylindrically-shaped stent by passing the bottom end 35 through the outer loop portion 30 of buckle portion 20. Teeth 25 then engage oval-shaped apertures 33, which form a mesh pattern.

As seen in FIGS. 2, 3 and 4, the bottom end 35 is threaded through buckle portion 20, which forms a loop or slot extending along the longitudinal axis of the stent, and has loop ends 45, 47. In FIG. 2 the stent is shown in a reduced diameter form, and in this form the stent is placed on a stent delivery catheter to be transported to a site in a vessel at which the stent is to be deployed. The stent is then expanded to an enlarged diameter form for deployment, as shown in FIG. 3.

Operation of the stent of the present invention will now be described. The stent of the present invention is placed over a stent delivery catheter that has been prepared for PTCA angioplasty. The catheter is percutaneously introduced into a vessel, following a previously positioned guidewire in an over-the-wire angioplasty catheter system, and tracked by a fluoroscope, until the balloon portion and associated stent are positioned at the point where the stent is to be placed. The balloon is then inflated and the stent is expanded by the balloon portion from a reduced diameter form to an expanded diameter form. After the stent has been expanded to its final expanded diameter, the balloon is deflated and the catheter is withdrawn, leaving the stent in place. As is appreciated by those skilled in the art, the stent while being transported is of a sufficiently small, reduced diameter as to allow it to be readily transported through a vessel. Buckle portion 20 keeps the rows of teeth 25 engaged with apertures 33, at a suitable angle of engagement, to help prevent misalignment and incorrect engagement.

FIG. 4 shows a perspective view of this locking feature of this embodiment of the present invention, while FIG. 5 shows a perspective view of a substantially parallelogram-disposed sheet forming this embodiment of stent, employing a helically-extending slot buckle. The helically-extending slot insures that the stress loads are directed in a direction anti-parallel to the longitudinal axis of the stent, which helps prevent catastrophic failure.

A material constituting any embodiment of stent can be a thin flexible polymer material, such as a polyimide, coated with a strengthening material comprising a pyrolytic carbon. The pyrolytic carbon coating is preferably only about one angstrom (10^{-10} m) thick, which does not increase the cross-sectional profile of the stent in any appreciable manner, yet provides for increased tensile strength, stiffness, and resistance to radial compression. Furthermore, the pyrolytic carbon layer is anti-thrombogenic. This material can not only be employed in the stent embodiment shown in FIGS. 1–4, but also may be employed in all embodiments of stents disclosed herein. Furthermore, in all of the embodiments of stents disclosed herein the material comprising the stent may be made of a biodegradable material, and may be a material impregnated with a drug, so the stent may locally treat a particular lesion or disease.

Expansion of stent 10 from a reduced diameter form into an expanded diameter form is preferably performed by a balloon catheter. Any other means for expanding the stent, however, may be used. Furthermore, the present stent is not limited to use in coronary arteries and over-the-wire angioplasty catheter systems, but the stent may be deployed in any body lumen by any suitable means.

Another feature of the present invention of FIGS. 1–4 is the spiral shape assumed by the cross-section of the stent when it is rolled up in a reduced diameter form as shown in FIG. 2. When the stent is expanded from a reduced diameter form, as shown in FIG. 2, to an expanded diameter form, as shown by FIG. 3, end 35 is deflected by a greater angle of rotation and/or translation than the buckle end 20, due to the geometry and composition of the wound up stent. This results in end 35 undergoing more deformation than end 20. Consequently end 35, and the bottom portion of the body portion 15, desires to return to its original reduced diameter shape more readily than buckle end 20 and the top buckle portion of body 15, which makes the stent resiliently biased radially inward. The stent thus is biased to return to its reduced diameter form. This resiliency helps teeth 25 engage apertures 33 more completely. The bias feature can be built into all suitable embodiments of the present invention.

Turning attention now to the embodiment of FIGS. 6 and 7, there is shown a sheet of material 50, in substantially the shape of an elongated parallelogram, having sides 60, 62, with side 60 having a plurality of projections 55 extending from the side. Sheet 50 may be formed of any suitable material, and may be woven, textured or contain apertures like the embodiment of FIG. 1. Sheet 50 is wound into an elongated cylinder, with the sides 60, 62 overlapping and forming a helical seam 64 spiralling about the longitudinal axis of the stent. Projections 55 engage the material and maintain the stent in an enlarged diameter form, when the stent is expanded in the manner described above.

FIG. 8 shows another embodiment of the present invention. A substantially rectangular sheet 70 is formed with a plurality of apertures 75. On longitudinal edge 85 there are a plurality of projections 80 that engage apertures 75 when the stent is rolled up. As shown in FIG. 9, when the sheet is rolled up into a cylindrical stent, the edges of the sheet overlap along the longitudinal axis of the stent and projections 80 engage apertures 75 to lock the stent in an expanded diameter form, to resist collapse of the stent back into a reduced diameter form. The stent may be made of the same material as the embodiment of FIG. 1.

Turning attention now to FIG. 10, there is shown another embodiment of the present invention. A sheet of material 90 constituting the stent is made up of a reticulated structure having protrusions 91 on one longitudinal edge which will engage the reticles on the opposite longitudinal edge when the stent is expanded from its reduced diameter state upon deployment in the body lumen to lock the stent in its expanded configuration. In FIG. 11, the reticulated structure employs S-shaped bars 95 that are linked with one another by interspaced linking bars 100 at the top and bottom portions of the S-shaped bars. At the edge of sheet 90 is a row of teeth 105 that form locking projections to engage the apertures in sheet 90 when the sheet is rolled into a cylindrical shape to form the stent. As can be seen from FIG. 11, the placement of the linking bars 100 along the S-shaped

bars 95 and the spacing of the S-shaped bars 95 about one another may be a repeating pattern, such as a pattern that achieves a substantially spiral pattern of S-shaped bars about the stent longitudinal axis, insuring flexibility. The reticulated structure shown may be employed in all embodiments of the present invention.

Turning attention to FIGS. 12 and 13, there are shown alternate embodiments of the present invention disclosing reticulated structures having honeycomb-like cells with gaps interrupting the honeycomb-like cells in the reticulated structures to increase flexibility. In FIG. 12, sheet 110 has a plurality of honeycomb-like cells 115 that end at edge 120 in a row of locking teeth 122, which function as in the above embodiments to hold the stent open in an enlarged diameter form. In addition, horizontally spaced gaps 125 among the honeycomb cells 115 allow increased flexibility when sheet 110 is rolled up into a cylindrical form with overlapping edges extending along a longitudinal direction. The gaps 125 extend along the horizontal direction orthogonal to the longitudinal direction of the sheet, which extends along the longitudinal axis of the stent. When the stent is formed from the honeycomb-like sheet, gaps 125 form a series of bars interspaced along the longitudinal axis. Likewise as shown in FIG. 13, sheet 130 has a plurality of honeycomb like cells 135 that end at the edge in two rows of locking teeth 137, with the addition of diagonally slanted gaps 140 to allow increased flexibility. The diagonally slanted gaps 140 form a spiral configuration along the longitudinal axis of the stent.

Turning attention to FIGS. 14–15 there is shown another embodiment of the present invention. A parallelogram-shaped reticulated sheet 150 is made up of box shaped cells that end along one edge in a series of locking members, hooks 152. The sheet 150 is rolled into a cylindrical form, as in the embodiment shown in FIG. 7. Like the embodiments of FIGS. 5 and 7, one advantage of a helically extending longitudinal seam over a non-helically extending longitudinal seam is that in the event of a failure, a break or tear between the locking members and the sheet will not propagate along the longitudinal direction in as ready a manner as when the load is distributed over a non-helical interface. In addition, the helical locking seam appears to distribute the load along the locking member interface in a more stable manner than a non-helical locking seam.

As shown by FIG. 16, a sheet or membrane of material 160, which may be any material suitable for a vascular prosthesis or stent, is formed with protrusions or teeth 165 on both sides of the edges of the sheet. As the sheet is rolled up to a cylindrical shape the upper edge 170 will become the outer surface 170 of the cylindrical stent and the lower edge 175 will become the inner surface 175 of the stent.

The protrusions are in the form of rows of individual teeth. In general the protrusions may be formed in any shape and in any manner, including but not limited to machining, etching, thermo-curing process, injection molding, laser machining, extruding, casting and adding the protrusions to a smooth body made of the same or different material from the protrusions, or treating the body to create a roughened surface texture. In one embodiment, the teeth are arranged in a substantially orderly, spaced arrangement of rows. In addition, the stent may be made directly into a cylindrical shape without first forming a flat sheet.

As can be seen from FIG. 16, the stent is formed from a rolled-up cylinder of material having overlapping edges 180, 185, which lie along the longitudinal axis of the cylinder in a substantially parallel manner. Edge 185 fits through buckle slot 210, which serves as both a locking component and an alignment component. Teeth 165 on each overlapping edge are slanted or sloped in opposite directions to each other, to form a one-way locking arrangement that resists collapse of the stent to a smaller diameter, once the teeth are engaged. The stent is configured so it inherently tends to roll up into a smaller diameter, but is prevented from doing so by the interlocking teeth.

When the teeth are engaged to one another the slope of the teeth allows the stent to be unrolled to an enlarged diameter much more readily than the stent can be collapsed to a rolled-up, reduced diameter. The cooperation of the teeth lock the stent in an expanded diameter form.

Operation of the stent of the present invention will now be described. The stent is expanded from a reduced diameter, which is the state the stent is in while it is being transported through the vasculature, to an expanded diameter, which is the state the stent is in when operationally deployed in the vasculature. As is appreciated by those skilled in the art, the stent while being transported is of a small, reduced diameter sufficient to allow it to be readily transported through a body lumen. In this reduced diameter form the stent would be a rolled cylindrical sheet with overlapping edges, but teeth 165 would not be in contact with each other. When the stent is expanded from its reduced diameter to its enlarged diameter, the teeth would engage each other and the stent would be locked in an operational manner to function as a prosthesis.

Expansion of the stent from a reduced diameter into an expanded diameter is preferably performed by a balloon catheter or other mechanical means. Any other means for expanding the stent, however, may be used, including relying on the expansive properties of the material of the stent itself, which may be made of a shape memory material such as a polymeric compound including a nickel-titanium (NiTi) alloy, for example, those compounds manufactured under the trademarks NITINOL and ELASTINITE, or other super elastic materials. Furthermore, it should be understood that the present stent is not limited to use in coronary arteries and angioplasty catheter systems, but the stent may be deployed in any body lumen by any suitable

Briefly and in general terms regarding the use of a balloon catheter to deploy the stent, when the stent is to be deployed in a coronary artery, the stent is placed over and mounted on the balloon portion of a catheter that has been prepared for PTCA. The catheter is percutaneously introduced into a body lumen, following a previously positioned guidewire in an over-the-wire angioplasty catheter system, and tracked by a fluoroscope, until the balloon portion and associated stent are positioned at the point where the stent is to be placed. Thereafter the balloon is inflated and the stent is expanded by the balloon portion from a reduced diameter to an expanded diameter. After the stent has been expanded to its final expanded diameter, the balloon is deflated and the catheter is withdrawn, leaving the stent in place.

Deployment of the stent made of a super elastic material could be achieved by confining the stent to a minimum diameter, for example by enclosing the stent while in its reduced diameter with a sheath, and allowing the stent to expand when it is desired to employ the stent in an operational, expanded diameter form, by retracting the sheath. In this case the expansion of the stent occurs due to the inherent properties of the material constituting the stent. The properties of these super elastic materials are known by those skilled in the art.

Similarly, thermal shape memory polymers or metallic materials may be used as a stent material for another similar

kind of self-expanding stent. These thermal memory stents have a transition temperature set at such a value that at a normal body temperature the stent is in a collapsed (plastically deformed) state, but with the application of heat, such as via a hot balloon catheter or a hot liquid (such as saline) perfusion system, the stent would expand by itself to assume its final diameter in the body lumen.

Stainless steel, tantalum, gold, platinum or another biocompatible metal, such as suitable tungsten alloys, also may be used as a material for the stent of the present invention.

The stent may be made of a bioabsorbable material, allowing the stent to dissolve. Such materials include, but are not limited to, polymers of the linear aliphatic polyester and glycolide families. The stent may also be made of a material having a lubricous coating such as silicone so that it has less resistance during deployment. These materials may also contain or be impregnated with various drugs, so that the stent may be used as a localized drug delivery device. The drugs impregnating the stent may include enzymes to prevent blood coagulation, or medication to prevent hyperplastic response from a blood vessel or body passageway or reduce the likelihood of restenosis.

Other materials contemplated for the stent embodiments of the present invention include biocompatible polymers, such as of the type from the polyethylene, polyester and polypropylene families and plastics such as a polymer from the linear aliphatic polyester family, such as poly(lactic acid), poly(glycolic acid) or polycaprolactone, and their associated copolymers, degradable polymers such as polyorthoester, polyanhydride, polydioxanone and polyhydroxybutyrate.

Turning now to FIG. 17, there is shown a protrusion pattern for the longitudinal edge of the stent of the present invention. A stent made according to the FIG. 17 embodiment has its teeth formed of triangular ridges 190, formed to extend along longitudinal rows extending along the length of the stent, to form a serrated longitudinal edge 225. Both the inner and outer sides of the cylindrical sheet forming the stent have such serrated edges.

Thus, as shown in FIG. 18, the triangular ridges lying on the inner surface of the stent would protrude radially inwardly toward the center of the cylindrical stent, and would lie on the outermost, overlapping, longitudinal edge 195 of the stent, the edge overlying innermost longitudinal edge 200. Likewise the triangular ridges that lie on the outer surface of the stent would protrude radially outwardly away from the of the cylindrical stent. As before, the triangular ridges on both the innermost and the outermost longitudinal edges are sloped to resist collapse of the stent to a reduced diameter after it has been expanded to its larger diameter.

In addition, there exist apertures 205 in the stent to allow endothelial growth into the stent, blood tissue inter-action, access for side-branch patency, and as an aid for mechanical flexibility. The stent can have more or fewer apertures than depicted, or none at all, depending upon the desired application.

Yet another embodiment of the invention is depicted in FIGS. 19 and 20. An intraluminal stent 240 has a plurality of tabs 245 along edge 250 of the stent. Each of tabs 245 has a plurality of teeth 255 adapted to engage teeth 260, which are located along the edges of elongated slots 265.

Each of tabs 245 and elongated slots 265 are aligned on the stent so that tab 245 can be inserted in crescent-shape aperture 270 of the slot. When the tab is properly positioned in the elongated slot, the teeth 255 on the tabs engage and interlock with the teeth on elongated slot 265, thereby locking the stent in a cylindrical form at a specific yet easily adjustable diameter. In order to prevent tabs 245 from unintentionally disengaging, a reinforcing member 263 may be affixed to all of the tabs after the stent is rolled. Furthermore, a pair of breakaway tabs 275 may be used to connect the sheet at its overlapping edges while the stent is being transported, to maintain the stent in a reduced diameter form and preserve a minimal profile during transport of the stent through a vasculature. Such breakaway tabs may be employed in all embodiments of stents of the present invention.

The deployment of stent 240 in a patient is much the same as previously described. The intraluminal stent is collapsed to a first diameter onto the balloon portion of a balloon catheter and delivered to the site of deployment in the manner previously described.

When the balloon portion of the catheter is inflated, stent 240 will correspondingly expand radially outwardly until it comes in contact with that portion of the body lumen where it is to be deployed. As the stent 240 radially expands, retaining tabs 275 will break away and permit the stent to expand proportionately. The teeth 255 on tabs 245 will ratchet along teeth 260 of elongated slots 265 and will engage in an inter-locking manner once expansion is completed. The inherent tendency of the intraluminal stent to close, as well as any force exerted by the walls of the body lumen on the outside of the stent, are sufficient to maintain teeth 255 and teeth 260 in an interlocking relationship so that the intraluminal stent maintains its form as cylindrical body 280.

Intraluminal stent 240 may have a plurality of elongated apertures 285 which have hereinbefore been described to allow endothelial growth into the stent, blood tissue interaction, access from side-branch patency, and to provide for mechanical flexibility. If the stent is positioned in a particularly tortuous vessel or in a curved area, it is desirable that the stent be able to flex somewhat along its longitudinal length so that the ends of the stent do not irritate the vessel wall. Flexibility is also desirable for stent deliverability. Elongated apertures 285 facilitate the flexibility of the stent in curved areas. Apertures 285 may take many geometric shapes and still accomplish the desired objectives. For example, the apertures may be a plurality of randomly spaced laser pinholes throughout the stent.

FIG. 21 discloses another embodiment of stent that employs a parallelogram shape, and uses triangular notches as apertures to both grip the stent and encourage endothelium growth. In this embodiment the stent would have a helically-spiralling seam, by nature of its parallelogram shape.

As previously stated with respect to other embodiments, the intraluminal stent can be made of plastics, metals, and super elastic materials as described. Further, the intraluminal stent can be impregnated with various drugs, may be biocompatible and/or bio-erodible.

In another embodiment of the invention, the stent can be in the form of one or more rings rather than a cylinder. It is contemplated that a plurality of rings could operate either independently of one another, either singularly or plurality in a side by side fashion, or, the rings could be interconnected to one another.

For example, as shown in FIG. 22, an embodiment of the present invention depicts stent 300 having a first longitudinal edge 305 and a second longitudinal edge 310. First longitudinal edge 305 comprises an elongated slot 315 that is slightly wider than the width of second longitudinal edge

310. A plurality of teeth or protrusions 325 extend substantially the entire length 330 of the stent ring. There may be fewer teeth than is depicted in FIG. 22, depending upon the use of the stent and the nature of the body lumen in which it will be deployed. Tooth geometry may vary widely.

Stent 300 is coiled or rolled-up into a cylindrical configuration by inserting second longitudinal edge 310 through elongated slot 315 and sliding the stent onto the balloon portion of a catheter so that it has a low profile for transport through a body lumen. When the stent is positioned at the location where it is to be deployed, the balloon portion of the catheter is expanded, as previously described with other embodiments, until the stent comes in contact with the arterial wall. As the stent expands to its larger diameter, teeth 325 engage the edges of slot 315, in a ratcheting manner, until the stent is fully expanded. As previously described, the stent has a tendency to return to its coiled configuration and is prevented from doing so by the interlocking relationship between teeth 325 and slot 315. As can be appreciated, the geometric shape of that portion of the stent surrounding elongated slot 315 may take any shape. Further, the dimensions of the stent can vary depending upon the application. As also can be appreciated, but not shown in the drawing figures, stent 300 may have a plurality of apertures that would increase its flexibility so it could be placed in a tortuous area of a coronary artery.

Other embodiments of sheets forming ring stents are shown in FIGS. 23 and 24. As can be seen from the figures, the ring stents are either interconnected (FIG. 23) or spaced from one another in a zig-zag or sinusoidal fashion (FIG. 24). If the ring stents are spaced from one another, as in FIG. 24, the edges 340 may be tapered, so that if the rings stents overlap the profile may be kept at a minimum. It should be noted that the stent of FIG. 23, as any of the stent embodiments of the present invention, may employ a breakaway tab 345 to maintain the stent in a reduced diameter form during transport of the stent through a vasculature, with the tab breaking when the stent is expanded during deployment. In addition, the stent of FIG. 23 may have teeth 350 joined together in a unitary construction, for better structural integrity, with the teeth breaking apart when tab 355 is inserted into slot 360 and the stent expanded.

Another embodiment of stent employing a single stent ring is shown in FIG. 25. Here one or more teeth 370 engages one or more protrusions 375 inside of a slot-like portion of the stent.

Yet another example of a stent employing a plurality of rings is depicted in FIG. 26. A plurality of strips or stent rings 380 are formed from a sheet of material, with the stent rings 380 having along their edges teeth 385. The stent rings are formed by passing ends 390 through slots 395, whereupon the stent is formed into a cylindrical shape having a plurality of stent rings joined at tab portion 400. The stent so formed is able to be expanded to a plurality of different size diameters along its axial length, because the stent rings 380 can be expanded to various diameters independent of one another, as they are joined only a connecting tab portion 400. The stent thus formed may be made more flexible. Furthermore, breakaway tabs may be employed to keep the stent in a collapsed state until such time that the stent is to be deployed, at which time the stent may be expanded and the breakaway tabs broken.

In another embodiment of the invention, depicted in FIGS. 27–29, an intraluminal stent 410 is depicted as a flat sheet and in its rolled-up cylindrical configuration. A first longitudinal edge 415 has a slot 420 adjacent the edge and extending through the sheet. A plurality of protrusions or teeth 425 are located adjacent slot 420. At the opposite end of stent 410 is second longitudinal edge 430 which has a plurality of apertures 435 located adjacent edge 430. In order to roll down the stent, second longitudinal edge 430 is coiled up and inserted in elongated slot 420 until the stent is tightly coiled to a reduced diameter form and slid onto the portion of a catheter. When the stent is loaded onto a balloon portion of a catheter, it has a low profile and can be easily transported through a body lumen and into, for example, the coronary artery. Once the stent is positioned in a coronary artery, the balloon portion of the catheter is radially expanded which in turn radially expands stent 410. As the stent expands, apertures 440 come in contact with teeth 425 and engage each other in an interlocking relationship. Stent 410 has tendency to return to its coiled state, thus, the interlocking relationship of the apertures and teeth prevent the stent from contracting.

The stent of the present invention, in particular the embodiments of FIGS. 19–29, are designed to engage in a sure manner, and, once engaged, to stay engaged with a high degree of reliability.

In all of the stent embodiments disclosed, it is desirable to minimize the protrusions that line the inner surface of the stent, to minimize the possibility of fibrin accumulation and thrombosis. To this end, the inner surface of the stent (the outermost edge) may have fewer rows of protrusions along the longitudinal edge, to maintain a smooth interior by minimizing the protrusions exposed inside the stent, that is, to minimize the number of protrusions that are not engaged.

The stent may be deployed in a vessel by any suitable means, such as with a stent delivery catheter formed from a angioplasty balloon catheter.

Again it should be understood that while in the above embodiments the protrusions on the body were formed from the body, in general the protrusions may be formed in any manner, including adding the protrusions to a smooth body made of the same or different material from the protrusions, or treating the body to create a roughened surface texture, with or without apertures in the body. As before, the surface texture forming the protrusions may be formed via plasma techniques, corona techniques, molding, casting, laser machining, etching, machining, extruding, or any other technique that changes the surface texture of the body.

Although in the preferred embodiment the stent of the present invention is deployed in a vessel with a balloon catheter, any suitable means for transporting and delivering the stent may be used. Furthermore, other modifications can be made to the present invention by those skilled in the art without departing from the scope thereof.

The stent of the present invention may be used not only in cardiovascular procedures, but also in urinary, prostate, renal, cerebral, nasal, auditory, rectal procedures and other medical procedures.

Furthermore, it should be understood that any dimensions set forth for the above embodiments are not intended to limit the invention to only those dimensions. For example, while certain dimensions might be appropriate for a stent used in a coronary artery, these same dimensions might not be suitable for a stent used in other areas of a patient's vasculature or body lumen. It is also understood that the drawings are not necessarily to scale.

Other modifications can be made to the present invention by those skilled in the art without departing from the scope thereof.

We claim:

1. An intraluminal stent implantable in a body lumen, comprising:

a substantially cylindrical body portion having a length extending along a longitudinal direction, the body portion having a first edge containing a slot extending along the longitudinal direction, and the body portion having a second edge extending along the longitudinal direction;

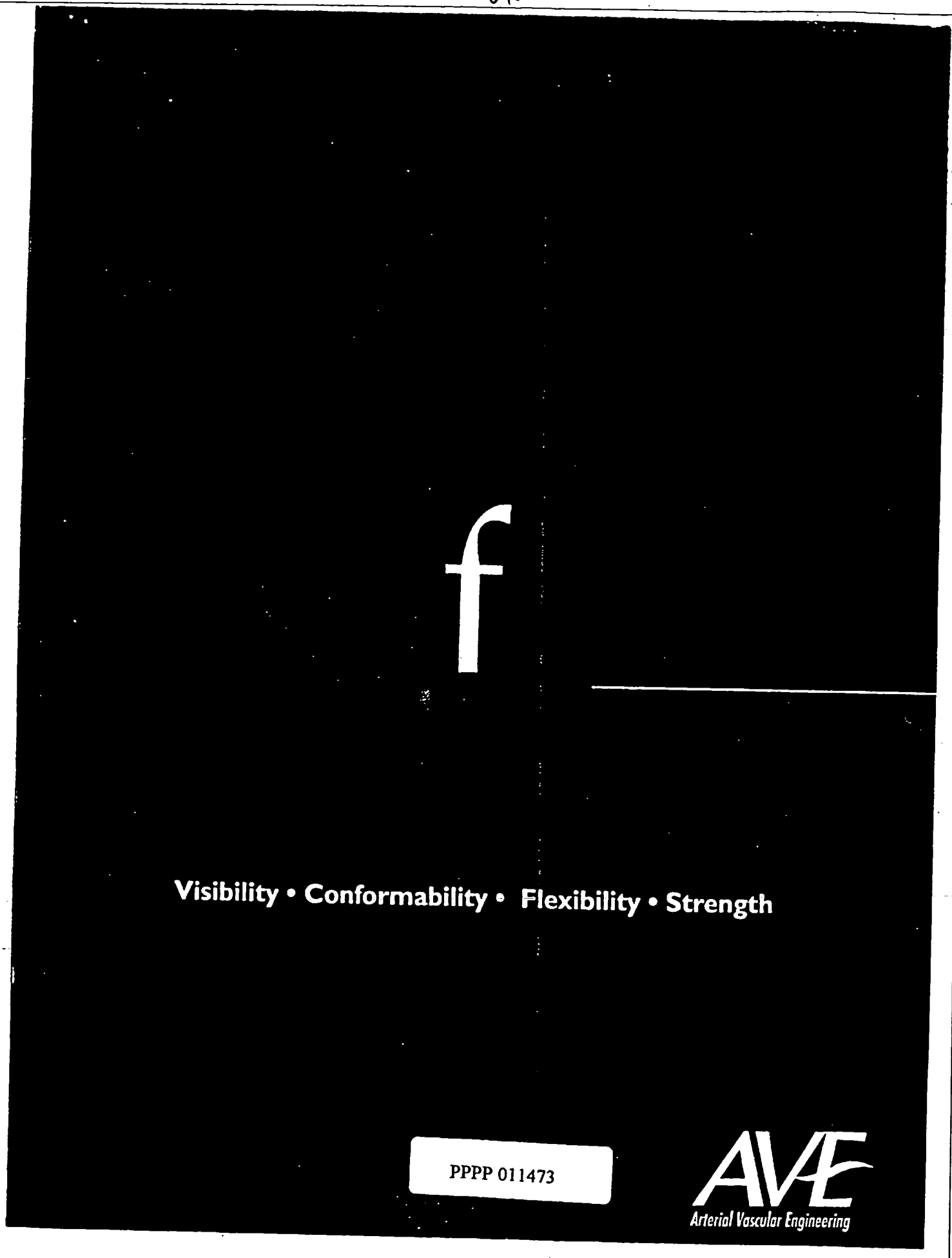
the second edge passing through the slot;

a third edge and a fourth edge each having a plurality of teeth for engaging the slot in interlocking relationship;

wherein when the cylindrical body portion is expanded from a first reduced diameter to a second, enlarged diameter, the plurality of teeth engage the slot in an interlocking relationship to thereby hold the stent in the second, enlarged diameter configuration.

* * * * *

Ex. E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Visibility • Conformability • Flexibility • Strength
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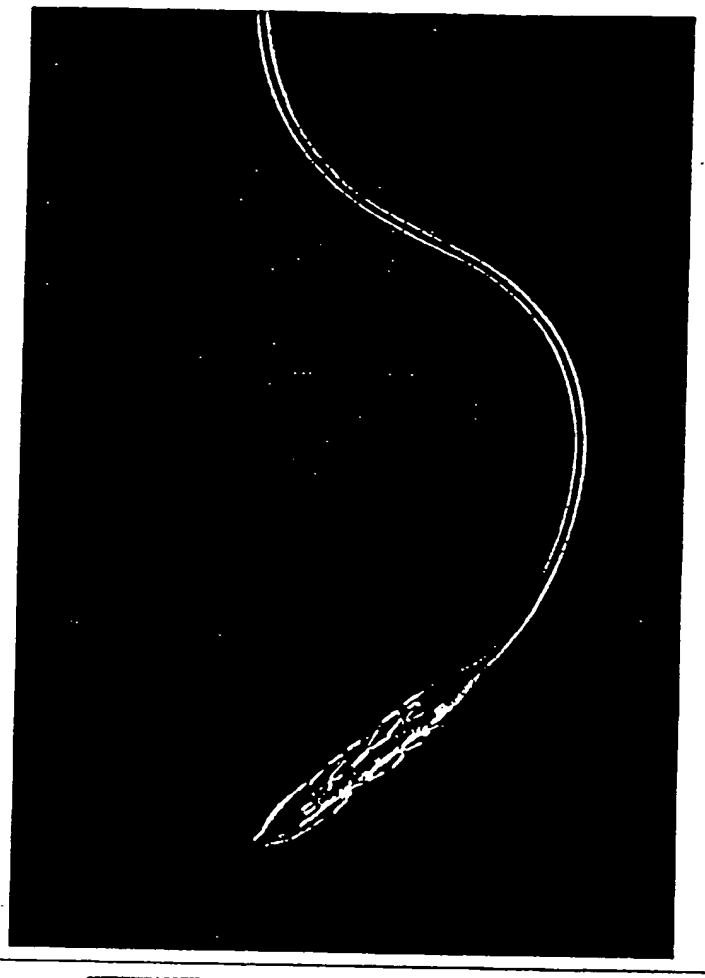
AVE
Arterial Vascular Engineering

Visibility • Conformability • Flexibility • Strength



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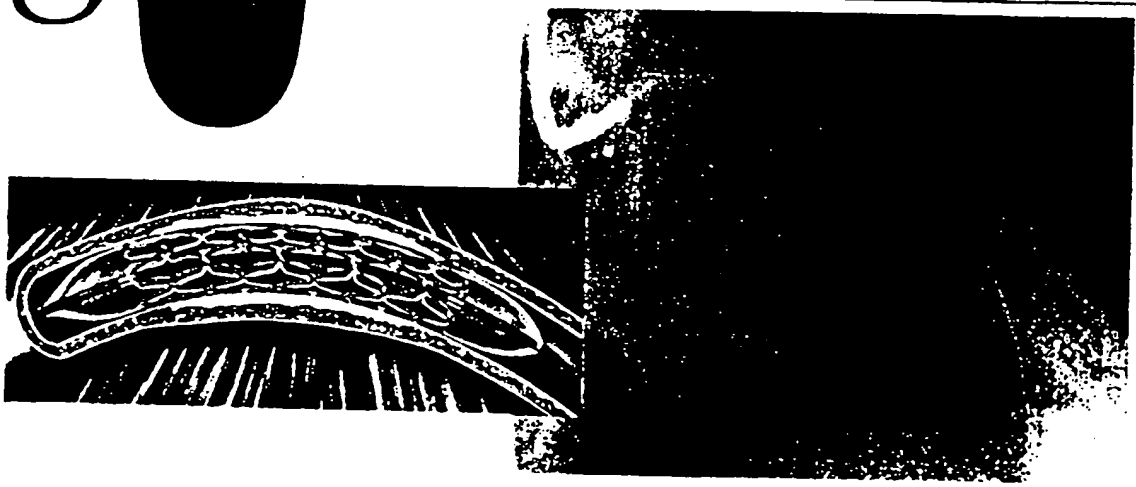

VASOFORM

ULTRAFlex
LASER FUSION TECHNOLOGY

AVE

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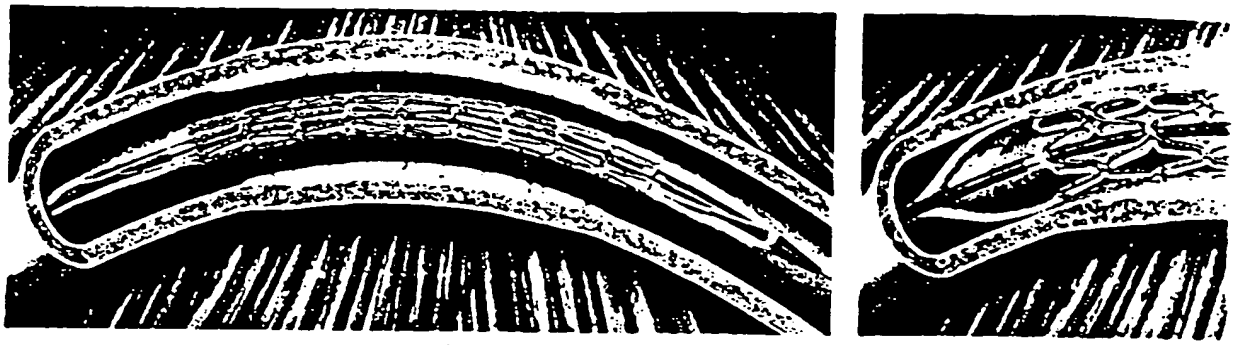
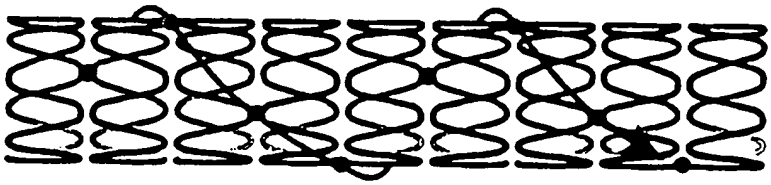


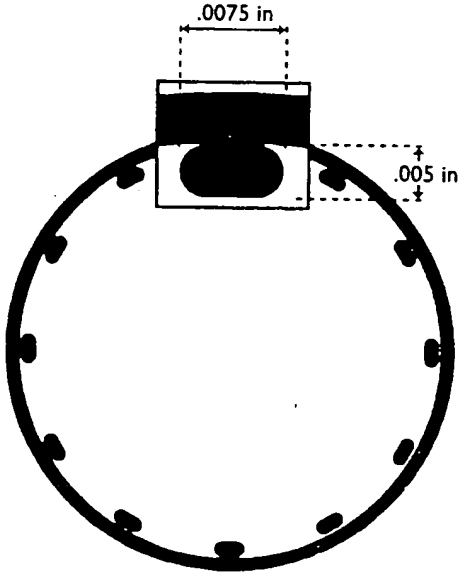
Flexibility

ULTRAFlex helical laser fusion of 2 mm sinusoidal elements provides unsurpassed flexibility.



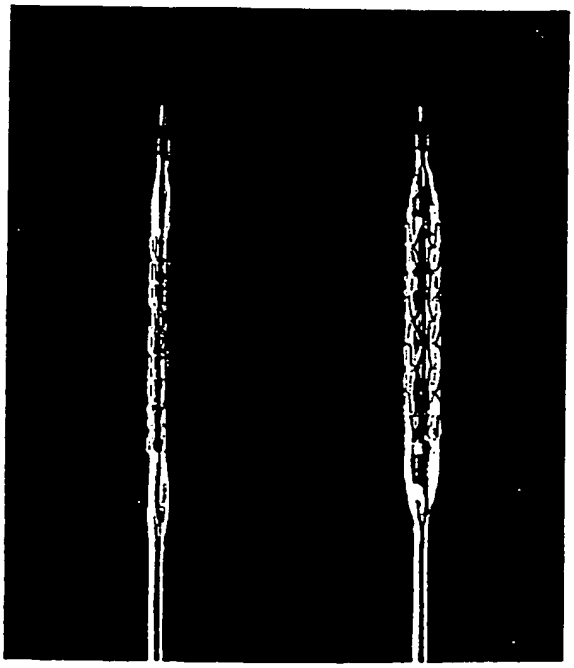
Vessel Support

6 crown, 2 mm elements and 12 **VASOFORM** *ellipto-rectangular struts deliver strong, uniform vessel support.*



Ease of Use

Premounted, sheathless and low profile.



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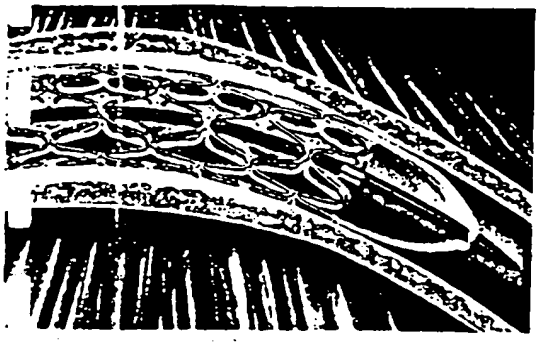
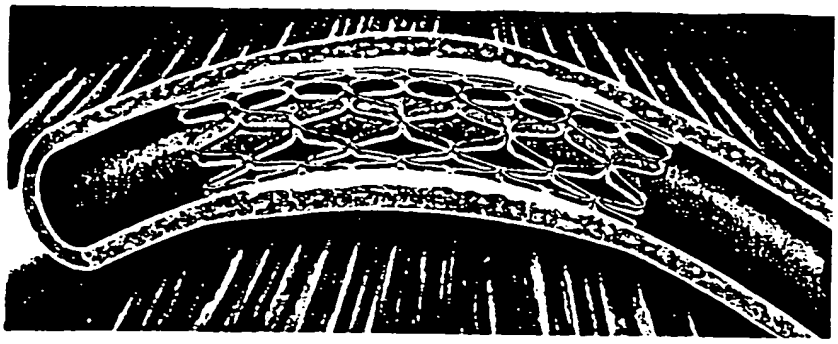
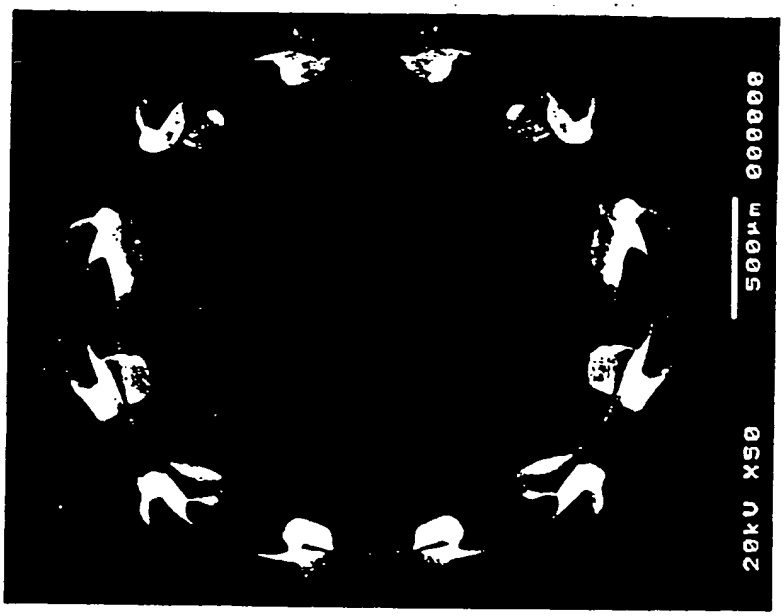




Atraumatic

Edgeless stent design reduces risk of trauma to the vessel wall or balloon rupture.



Visibility and Conformability

Moderate radiopacity.

Highly flexible design maintains vessel morphology.

Pre stent deployment.

Post stent deployment.

gfx

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Ordering Information

Product Code	Stent Diameter	Stent Length	Minimum Guiding Catheter I.D.
GFX 3008	3.0 mm	8 mm	.064 in.
GFX 3012	3.0 mm	12 mm	.064 in.
GFX 3018	3.0 mm	18 mm	.064 in.
GFX 3024	3.0 mm	24 mm	.064 in.
GFX 3030	3.0 mm	30 mm	.064 in.
GFX 3040	3.0 mm	40 mm	.072 in.
GFX 3508	3.5 mm	8 mm	.064 in.
GFX 3512	3.5 mm	12 mm	.064 in.
GFX 3518	3.5 mm	18 mm	.064 in.
GFX 3524	3.5 mm	24 mm	.064 in.
GFX 3530	3.5 mm	30 mm	.072 in.
GFX 3540	3.5 mm	40 mm	.072 in.
GFX 4008	4.0 mm	8 mm	.072 in.
GFX 4012	4.0 mm	12 mm	.072 in.
GFX 4018	4.0 mm	18 mm	.072 in.
GFX 4024	4.0 mm	24 mm	.072 in.
GFX 4030	4.0 mm	30 mm	.072 in.
GFX 4040	4.0 mm	40 mm	.076 in.

Specifications

Material
316L Stainless Steel

Design
Six crown, 2 mm length sinusoidal elements with Vasoform ellipto-rectangular strut geometry

Radiopacity
Moderate

Wire Diameter
.005 in.

Vessel Wall Coverage
~20%

Recoil
~4% (.15 mm)

Foreshortening
~2%

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gfx

KEY GOALS IN STENT DESIGN

Visibility • Conformability • Flexibility • Strength

High density 316L stainless steel stent design provides moderate radiopacity.

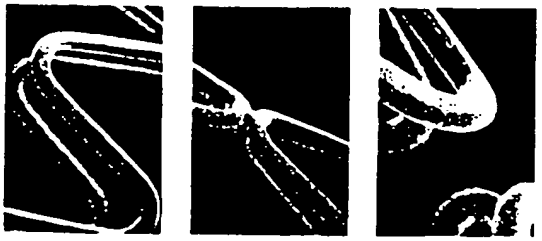
ULTRAFlex helical laser fusion technology connects stent elements to provide superb stent flexibility.

Smooth stent-to-balloon transition and low profile aids stent tracking and crossing.

Unique sinusoidal elements and strut geometry create strength.

Short element lengths, rounded stent geometry and ULTRAFlex helical laser fusion maintains natural vessel morphology.

Edgeless design reduces the risk of trauma and balloon rupture.



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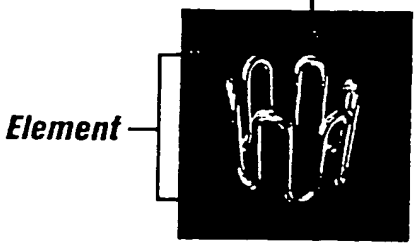
KEY GOALS IN STENT DESIGN

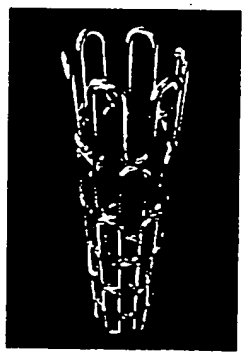
Visibility • Conformability • Flexibility • Strength

Creation
The making of a stent

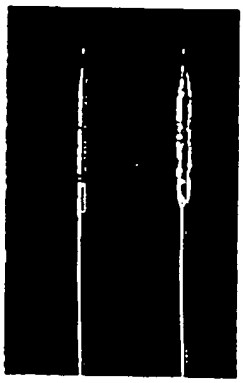


Single sinusoidal edgeless element.

Elements connected with ULTRAFlex laser fusion.



Helical laser fusion pattern is designed for the optimal balance of strength and flexibility.



Finished stents are electro-polished and pre-mounted on a customized Uni-Ploy stent delivery system.

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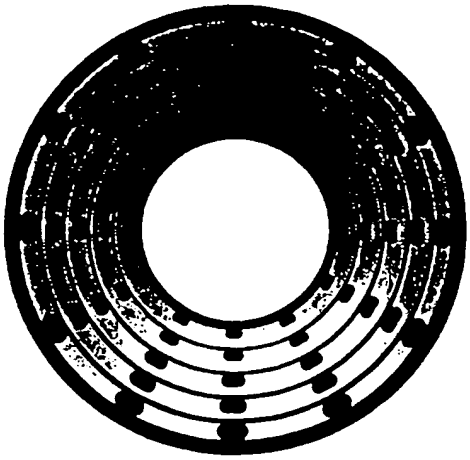
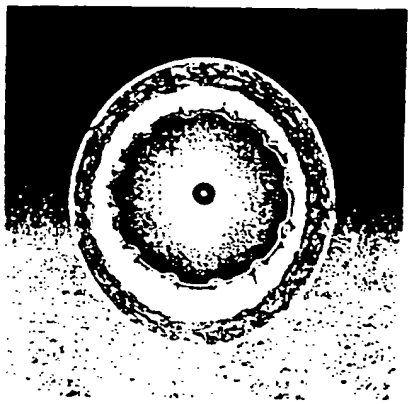
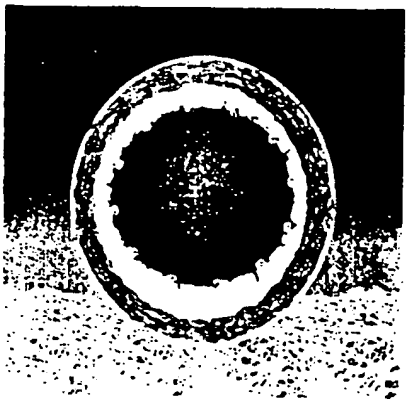
Provides

Uniform and symmetrical stent deployment.







Interactive balloon compliance provides predictable and reliable sizing to achieve desired inner lumen stent diameter.

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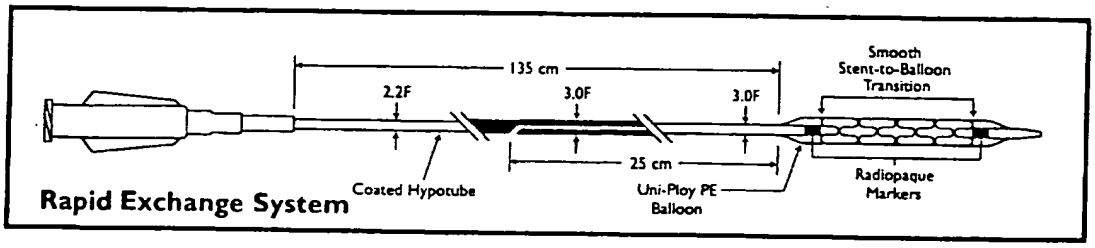

Rapid Exchange System

Easy to Use and Saves Time

Pre-mounted, sheathless design requires no hand crimping or sheath retraction.

Secure Stent Attachment

Securely pre-mounted using a proprietary adhesion process.

Predictable Results

The Uni-Ploy balloon provides uniform, symmetrical stent deployment.

Highly Trackable

A smooth stent-to-balloon transition and low profile facilitates navigation of tortuous anatomy.

Accuracy in Positioning

Radiopaque markers proximal and distal to the pre-mounted stent aids in precise positioning within the target vessel.

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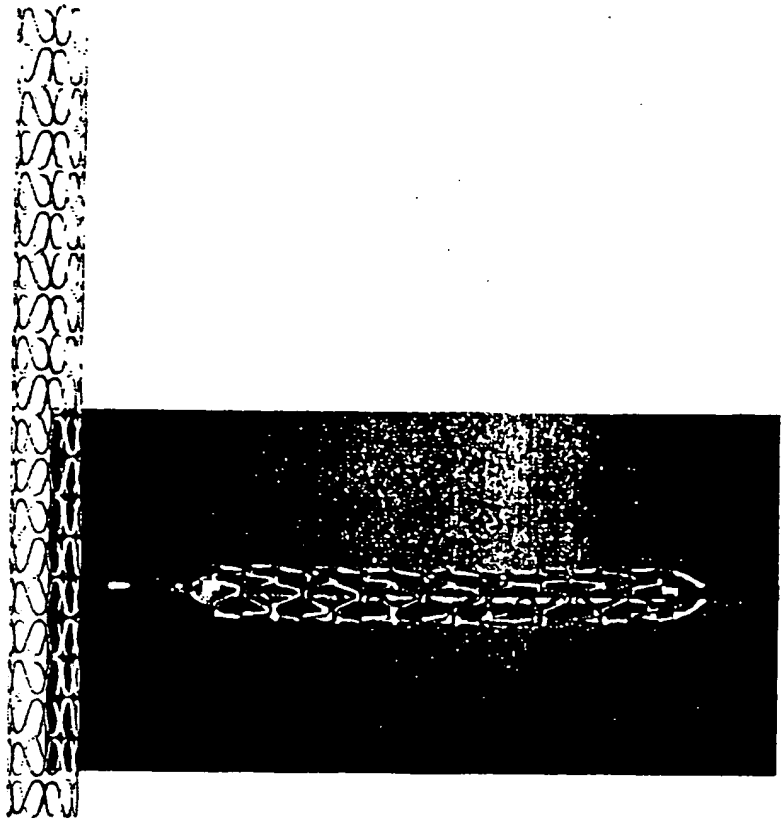
THE NEW GFX XL

Visibility • Conformability • Flexibility • Strength



gfx XL

30 and 40 mm

PPPP 011482

New Highly Flexible, Highly Trackable Long Stent Technology

VASOFORM

ULTRAFlex
LASER FUSION TECHNOLOGY

AVE

New Longer Length - GFX XL

AVE

Flexibility

ULTRAFlex helical laser fusion of 2 mm sinusoidal elements provides unsurpassed flexibility.

Continuous Wall Coverage

Continuous wall coverage offered by the longer lengths eliminates stent gap.

Conformability

VASOFORM *ellipto-rectangular strut geometry optimizes stent apposition.*

Atraumatic

Edgeless stent design reduces risk of trauma to the vessel wall or balloon rupture.

Visibility

Moderate radiopacity.

Ease of Use

Premounted, sheathless and low profile.

Radial Strength

6 crown, 2 mm elements with 12 ellipto-rectangular struts delivers strong, uniform vessel support.

Cost Savings

The long stent lengths eliminate the need to place multiple stents, thus saving time and money.

Ordering Information

Product Code	Stent Diameter	Stent Length	Minimum Gulding Catheter I.D.
GFX 3030	3.0 mm	30 mm	.064 in.
GFX 3040	3.0 mm	40 mm	.072 in.
GFX 3530	3.5 mm	30 mm	.072 in.
GFX 3540	3.5 mm	40 mm	.072 in.
GFX 4030	4.0 mm	30 mm	.072 in.
GFX 4040	4.0 mm	40 mm	.076 in.

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gfx

PPPP 011483

Ex. F

United States Patent [19]

Gianturco

[11] **Patent Number: 4,580,568**

[45] **Date of Patent: Apr. 8, 1986**

[54] **PERCUTANEOUS ENDOVASCULAR STENT AND METHOD FOR INSERTION THEREOF**

[75] Inventor: Cesare Gianturco, Champaign, Ill.

[73] Assignee: Cook, Incorporated, Bloomington, Ind.

[21] Appl. No.: 656,261

[22] Filed: Oct. 1, 1984

[51] Int. Cl.[4] A61M 29/00

[52] U.S. Cl. 128/345; 138/97; 604/96; 267/182

[58] Field of Search ..... 128/345, 341, 343, 1 R, 128/334 R; 138/97, 119; 604/93, 96, 102, 104–107; 267/180, 182

[56] **References Cited**

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3,811,449	5/1974	Gravlee et al.	128/343
3,868,956	3/1975	Alfidi et al.	128/345
4,141,364	2/1979	Schultze	604/96
4,407,271	10/1983	Schiff	604/104
4,425,908	1/1984	Simon	128/1 R

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Carlos T. Potter, "Trans . . . Stint Grafing", Technical Developments, 4–1983.

Andrew Cragg, "Nonsurgical . . . Nitind Wire", 261–263, Radiology, 4–1983.

Morris Simons, "Vena Cava . . . Memory Alloy", 89–94, Radiology, 10–1977.

Primary Examiner—Robert P. Swiatek

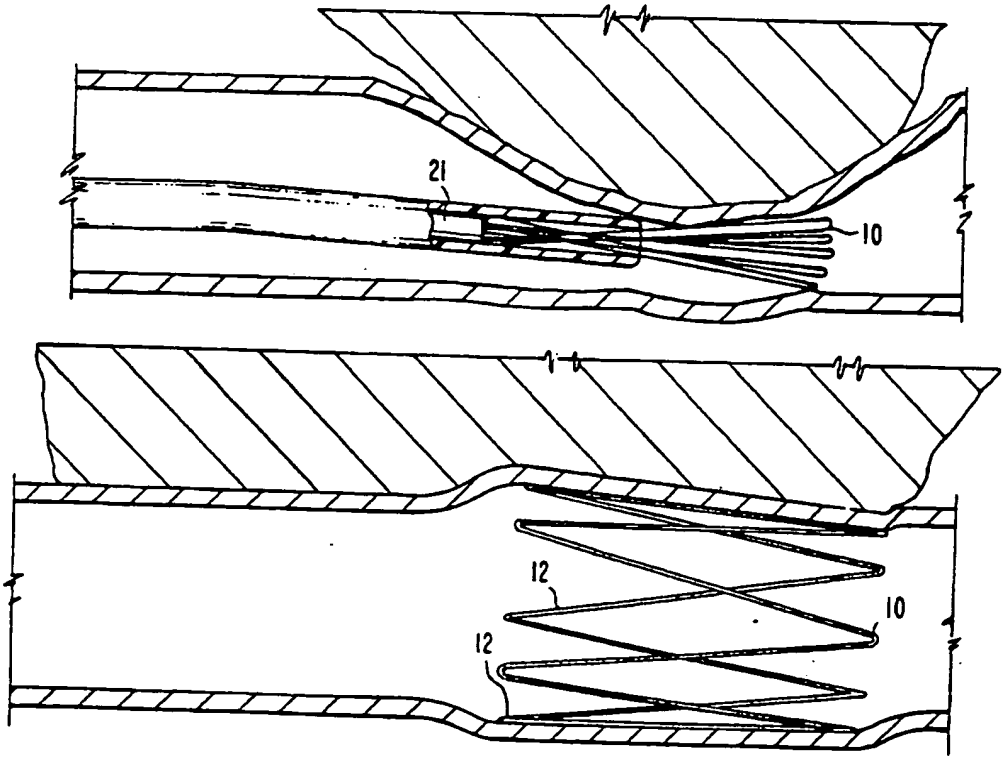
Assistant Examiner—John G. Weiss

Attorney, Agent, or Firm—Woodard, Weikart, Emhardt & Naughton

[57] **ABSTRACT**

An endovascular stent formed of stainless steel wire of 0.018 inches diameter and arranged in a closed zig-zag pattern. The stent is compressed into a reduced size shape of an outer diameter which is many times smaller than its expanded shape. The stent is positioned in a passageway in the vascular system by means of a sheath while the stent is retained in the compressed reduced size shape. A flat-ended catheter is used through the sheath to hold the stent in place in the passageway while the sheath is withdrawn from the passageway allowing the stent to expand in the passageway into its expanded shape to hold the passageway open and enlarged. Other possible applications of the stent are in the respiratory, biliary and urinary tracts to reinforce collapsing structures.

10 Claims, 10 Drawing Figures



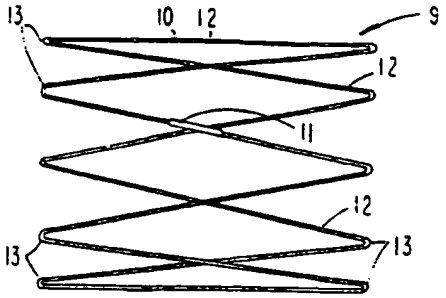


Fig.1

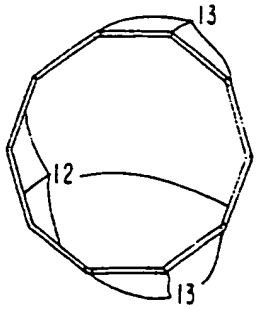


Fig.2

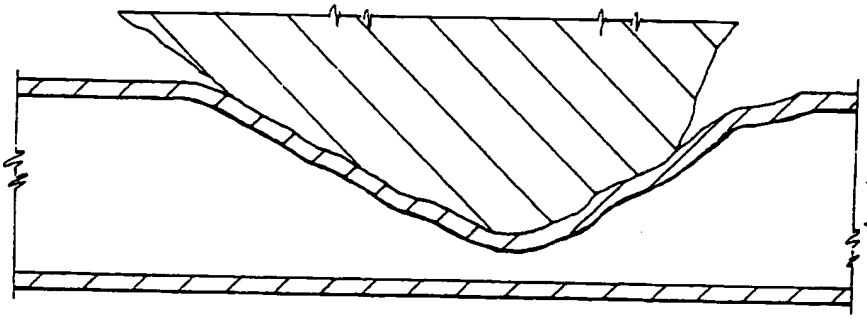


Fig.3

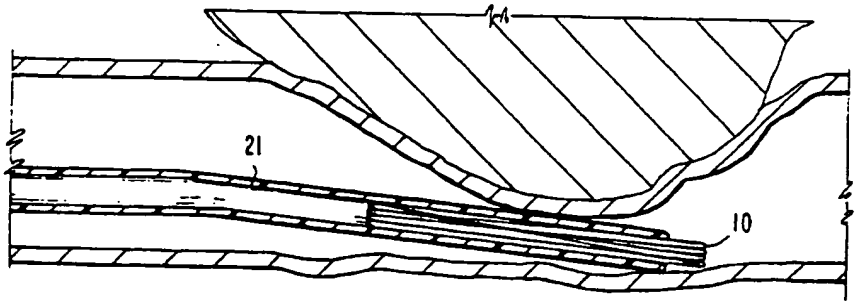


Fig.4

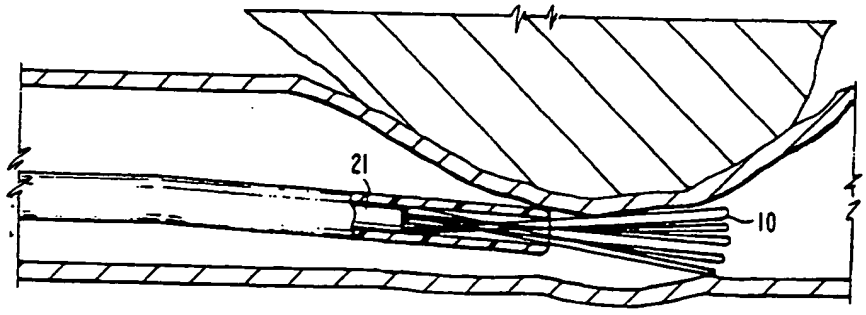


Fig.5

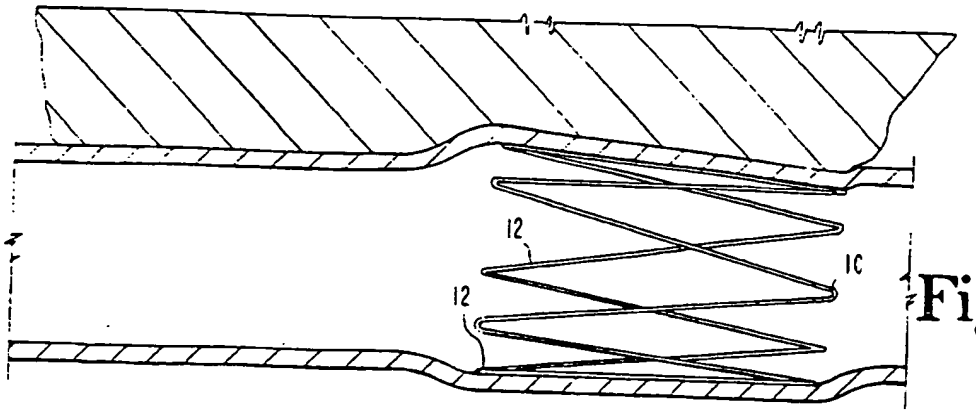


Fig.6

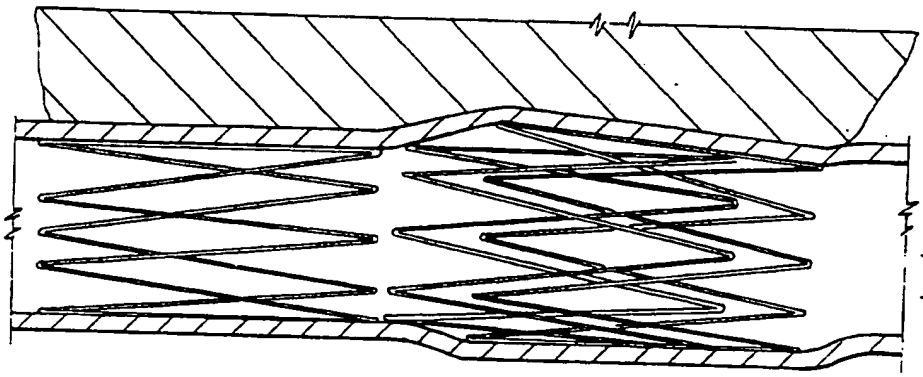


Fig.7

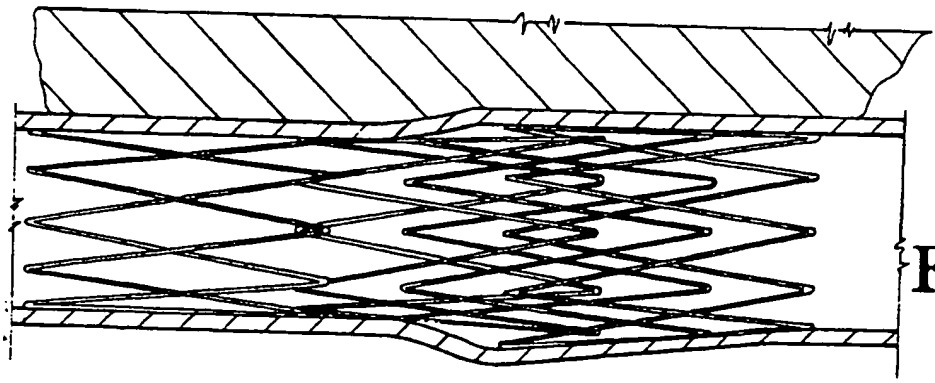


Fig.8

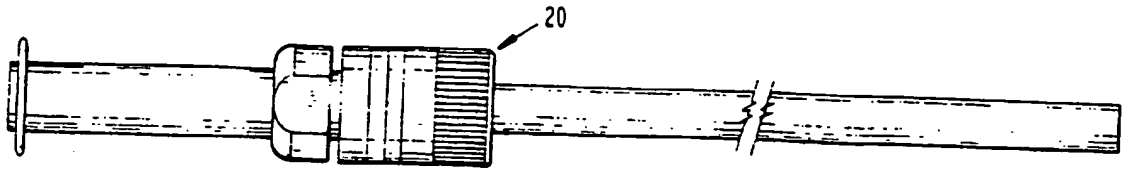


Fig.9

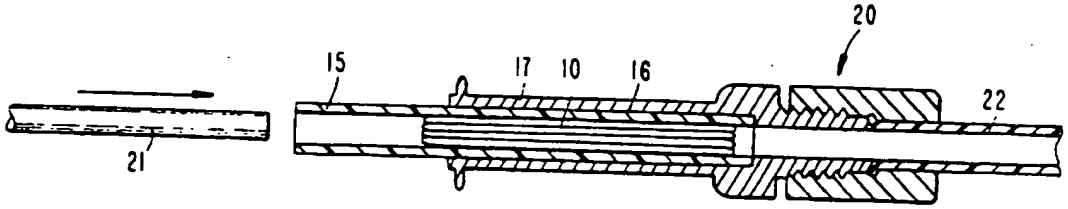


Fig.10

PERCUTANEOUS ENDOVASCULAR STENT AND METHOD FOR INSERTION THEREOF

BACKGROUND OF THE INVENTION

1. Field of the Invention

This invention relates to stents and a method for inserting a stent.

2. Brief Description of the Prior Art

It is desirable in various situations that means be provided for expanding a constricted vessel portion or for maintaining an open passageway through a vessel portion. Such situations arise, for example, in conjunction with the disease known as arteriosclerosis as well as the growth of a tumor so as to restrict or stop flow of blood through a blood vessel. Dr. Charles Dotter et al. reported in 1969 on the experimental use of coiled stainless steel wire stents placed in the popliteal arteries of dogs. Although the coils exhibited long-term patency, narrowing of the lumen occurred within them and only small coils could be passed percutaneously. See Dotter CT et al., *Transluminally-Placed Coilspring Endoarterial Tube Grafts*, Invest. Radiol., 1969; 4:329-332[1]. Recently, two laboratories reported on the use of a prosthesis constructed of a thermal shape memory alloy, nitinol, which is passed through a catheter. See Dotter CT et al., *Transluminal Expandable Nitinol Coil Stent Grafting*, Radiology, April, 1983; 147:259-260[2], and Cragg A. et al., *Nonsurgical Placement of Arterial Endoprostheses*, Radiology, April, 1983; 147:261-263[3]. Such stents can be complicated to use, requiring ice water or heated saline for placement. Also they have been found to produce luminal narrowing due to fibrin deposition on the stent wires.

Other references which may have relevance to the present invention are the following U.S. patents: Sakura U.S. Pat. No. 4,214,587; Alfidi U.S. Pat. No. 3,868,956; and Simon U.S. Pat. No. 4,425,908; and the Russian Pat. No. 978,821; also the following publications: C. Gianturco et al., *A new vena cava filter: experimental animal evaluation*, Radiology, December, 1980; 137:835-837[4]; and M. Simon et al., *A Vena Cava Filter Using Thermal Shape Memory Alloy*, Diagnostic Radiology, 125:89-94, October 1977[5]. Still another reference publication is D. Maass et al., *Radiology Follow-up of Transluminally Inserted Vascular Endoprostheses: An Experimental Study Using Expanding Sprials*, Radiology, September 1984; 152:659-663.

Objects of the invention are to provide a stent which is easy to place and use that reduces flow defects, luminal narrowing and occlusion.

SUMMARY OF THE INVENTION

One embodiment of the stent of the present invention might include a wire formed into a closed zig-zag configuration including an endless series of straight sections joined by bends. The stent is resiliently compressible into a smaller first shape wherein the straight sections are arranged side-by-side and closely adjacent one another for insertion into a passageway. The stent is resiliently expandable into a larger second shape wherein said straight sections press against the walls of the passageway to maintain it open.

One embodiment of the method of the present invention might involve inserting a stent by compressing a stent including a wire formed in a closed zig-zag configuration into a first shape wherein the zig-zag configuration includes side-by-side closely adjacent straight sections joined by bends with a stress therein. The compressed wire stent is then moved into a sheath. The sheath is then located with the distal end thereof in a passageway with the compressed wire within the distal end of the sheath. The sheath is then removed from the passageway while holding the stent in place, whereby the stress in the stent causes it to expand in the passageway to hold the passageway open and enlarged.

BRIEF DESCRIPTION OF THE DRAWINGS

FIG. 1 is a side elevation of a preferred embodiment of the present invention.

FIG. 2 is an end elevation of the structure of FIG. 1.

FIG. 3 is a section through a blood vessel showing a tumor reducing the size of the blood vessel.

FIG. 4 is a view similar to FIG. 3 showing one of the steps of the method of inserting the stent of the present invention.

FIGS. 5 and 6 are serial views showing further steps in the method illustrated in FIG. 4.

FIG. 7 is a view similar to FIG. 6 showing three stents having been placed in the blood vessel in accord with another embodiment of the invention.

FIG. 8 is a view similar to FIGS. 6 and 7 showing four stents being placed in a blood vessel in overlapping fashion, in accordance with a further embodiment of the method of the present invention.

FIG. 9 is a side elevation of a sheath used in the method of the present invention.

FIG. 10 is a sectional view of the proximal end of the sheath showing the stent being placed into the sheath as a part of the method of the present invention.

DESCRIPTION OF THE PREFERRED EMBODIMENT

For the purposes of promoting an understanding of the principles of the invention, reference will now be made to the embodiment illustrated in the drawings and specific language will be used to describe the same. It will nevertheless be understood that no limitation of the scope of the invention is thereby intended, such alterations and further modifications in the illustrated device, and such further applications of the principles of the invention as illustrated therein being contemplated as would normally occur to one skilled in the art to which the invention relates.

Referring now more particularly to the drawings, there is illustrated in FIG. 1 a side elevation of a preferred embodiment of the stent 9 of the present invention which includes a length 10 of stainless steel wire formed in a closed zig-zag configuration. The wire is closed by a sleeve 11 which is welded to or tightly squeezed against the ends of the wire to produce the endless configuration. Referring to FIG. 4, the stent is shown in a resiliently compressed first shape wherein the straight sections 12 are arranged side-by-side and closely adjacent one another.

The straight sections 12 of the stent are joined by bends 13 which are relatively sharp. Thus, in one specific embodiment of the invention, the bends 13 are at a radius of no more than 0.2 cm. This specific embodiment of the invention includes wire 10 which is stainless steel of 0.018 inch O.D. The stent is resiliently expandable from the compressed first shape of FIG. 4 into a second shape illustrated in FIGS. 1, 2 and 6, wherein the straight sections 12 press against the walls of passageway to maintain the passageway open. FIG. 2

shows the end view of the stent in its expanded second shape. As illustrated in FIG. 2, the stent has generally a circular configuration or a cylindrical configuration when it is in its second expanded shape.

In order to practice the method of this invention, the stent is compressed into the first shape illustrated in FIG. 10 and is placed within a tubular cartridge 15 (FIG. 10). The cartridge 15 is inserted into the recess 16 in the adapter 17 of the sheath 20. The stent is then advanced through the sheath 20 by means of a flat-ended pusher 21. Thus in one specific embodiment of the invention, the flat-ended pusher was made of 8 French polyethylene tubing, although a flat-ended flexible metal rod is preferred. When the stent 10 reaches the end of the sheath as shown in FIG. 4, the flat-ended pusher is held while the sheath is withdrawn as shown in FIG. 5. This frees the stent, allowing it to expand and hug the vessel wall as shown in FIG. 6. If desired and if necessary for the particular situation, further stents can be added and can be placed in the blood vessel in the same fashion as above described. Thus in FIG. 7, an additional two stents are located one longitudinally of the first stent in the blood vessel and the other overlapping the first stent while in FIG. 8, four overlapping stents are used.

In tests of the invention, endovascular stents were designed and built in two sizes (5.5 cm long×4 cm diameter fully expanded; 3.0 cm long×2.5 cm diameter fully expanded) from stainless steel wire (0.018 in.) formed in a zig-zag pattern. They were placed for varying periods of time in the jugular vein, inferior vena cava and abdominal aorta of five dogs (See Table I below) and evaluated with regard to ease of use, dilating force, migration, patency, thrombogenicity, and local vascular changes.

Five adult, mongrel dogs (18–27 kg) were used in the study. They were anesthetized with i.v. sodium pentobarbital (Nembutal; 30 mg/kg) and the jugular vein, femoral vein, and femoral artery were surgically isolated. An incision was made in the vessels and a 8 French Teflon sheath containing an 8 French Teflon catheter with a taper-tip was inserted and under fluoroscopic monitoring advanced just beyond the area of interest. The stent was compressed and placed within a Teflon cartridge which fits inside the adaptor of the 8 French sheath. The 8 French catheter was removed, the cartridge was placed in the sheath adaptor, and the stent was advanced through the sheath with flat-ended 8 French polyethylene tubing. When the stent reached the end of the sheath, the polyethylene tubing was held while the sheath was withdrawn. This freed the stent allowing it to expand and hug the vessel wall. In certain cases, stents were placed one inside another and/or one after another (Table I). Following placement, angiograms were made immediately, after one week, and then at monthly intervals to document stent position and vascular anatomy. The dogs were euthanized at the end of the study by exsanguination under deep Nembutal anesthesia, and a complete necropsy was performed.

TABLE I

Summary of vascular stent placement in five dogs.			
Dog # (Wt)	Stent Size (Number Used)	Vascular Placement	Duration
416	5.5 cm	Two placed one inside the other in	1

TABLE I-continued

Summary of vascular stent placement in five dogs.			
Dog # (Wt)	Stent Size (Number Used)	Vascular Placement	Duration
	(5)	abdominal aorta (AA) bridging the celiac, cranial mesenteric, and right renal arteries	month
		Two placed one inside the other in superior vena cava (SVC) at level of right atrium	
		One placed in the inferior vena cava (IVC) bridging both renal veins	
	3.0	One placed in right jugular 8 cm above SVC, and	
	(3)	two placed one inside the other in left jugular 8 cm above SVC	
355	5.5	One placed in AA bridging the celiac, cranial mesenteric, and right renal arteries	3 months
		Two placed one inside the other in IVC bridging both renal veins	
	3.0	Two placed one inside the other	
	(3)	in SVC at level of right atrium, and one placed 2.3 cm above the right atrium	
354	5.5	One placed in AA bridging the	4
	(2)	cranial mesenteric and both renal arteries	months
		One placed in IVC bridging both renal veins	
505	5.5	Four placed one after another in AA	5
	(5)	beginning at diaphragm (T11) and ending at L5	months
		One placed in IVC at level of diaphragm	
	3.0	One placed inside last long stent	
	(3)	in AA at level of L4–L5	
		Two placed one after another in IVC between the hepatic and renal veins	

No difficulties were encountered in the placement of the endovascular stents. They were easy to use and could be placed one inside another and/or one after another. The expansile strength of the stents was found to be dependent on stent length, diameter of stent wires, the number of folds in the wire of each stent, and the number of stents placed one inside another. Specifically, expansile force increased with decreased length, increased stent wire diameter, increased number of wire folds, and increased number of stents used.

Angiograms made of the stented vessels showed no flow defects, luminal narrowing, or occlusion. Blood vessels bridged by the stents remained patent and showed no indication of narrowing even after six months. No migration was noted with 29 of the 30 stents placed. One long stent (5.5 cm) placed alone in the inferior vena cava migrated approximately 2 cm cranially during the first week following placement, but no further movement occurred and no complications were encountered because of this migration.

Postmortem examinations showed the endothelial proliferation occurred around the stents where the wires contacted the vessel wall. By four weeks following placement, venous stents were almost completely (80%) covered by cell growth while aortic stents were just beginning (30%) to be incorporated. By 12 weeks, all stents were covered with endothelium where the wires contacted the vessel wall. No growth was noted on wire segments that bridged side branches even after 6 months. In addition, no erosion of the vascular walls

was noted, and no clot formation was seen on any of the stents.

Percutaneous expandable endovascular stents can be made of various diameters and lengths from stainless steel wire formed in a zig-zag pattern. They are easy to place percutaneously in veins and arteries and do not require the use of ice water or hot saline as do nitinol coils (2, 3). The dilating force of the stent can be controlled by manipulation of wire size, number of wire folds, and stent length. Expansion force increases with larger wire, but so does the size of the collapsed stent which necessitates use of a larger sheath for placement. Increasing the number of wire folds and decreasing the stent length also increase the dilating force. Therefore, stainless steel vascular stents can be tailor-made with regard to length, diameter, and expansion force.

Multiple stents can be employed depending on the circumstance. If the vessel of interest is longer than one stent, several stents can be placed one after another with slight overlap at the ends. In addition, if the expansion strength of one stent is not sufficient, several stents can be placed one inside another to increase the dilating force at a specific point.

Following placement in a blood vessel, the stent gradually becomes incorporated into the vascular wall by endothelial proliferation around the wires where they contacted the wall. This is similar to what has been noted in other studies where metal wire has been placed in the vascular system (2, 3, 4). Radiographic studies indicated that by one week after placement of the stent, sufficient endothelial proliferation had occurred to prevent migration, but during this first week, displacement was possible although not probable. After being in place for one month, the venous stents were approximately 80% encased by endothelium while the aortic stents were only about 30% encased. This difference is probably due to the greater flow and pressure in the aorta. By three months, all stent wires contacting the vessel wall were completely encased in endothelium. This incorporation into the vascular wall reduces thrombogenicity (3), but no clot was found even on the bare wires after 6 months. No cell growth was noted on any of the wire segments not in contact with the vascular wall, e.g., where stents bridged side branches. This observation corresponds with previous reports on the use of endovascular stainless steel wires (4). Therefore, the stents can bridge other vessels without occluding them or producing luminal narrowing at the branch points. This has not been reported for other types of endovascular stents (2, 3). Thus it appears that the stainless steel stents can be placed anywhere in the vascular system that will accomodate them. No luminal narrowing was noted in the stented vessels even after six months. This differs from the nitinol endovascular stents which have been shown to product luminal narrowing within 4 weeks due to fibrin deposition on the stent wires (1, 2, 3).

No clot formation was found on any of the stents at the time they were removed. This is similar to previously reported results (2, 3). No vascular erosion was seen probably because the vessels were normal and able to expand thus reducing the force of the stent wires against the vacular wall.

Results from this evaluation indicate that these stents should find various clinical applications. These may include re-establishment of flow in veins compressed by neighboring tumor (superior vena cava syndrome), maintenance of vascular patency after percutaneous balloon dilations, and correction of incomplete, long, irregular vascular stenosis. In addition, it may be possible to use these stents in other systems such as the respiratory, biliary, and urinary tracts to reinforce collapsing structures from extrinsic compression from neoplasma, maintain the dilatation of a balloon dilated segment of ureter, urethra, or bowel, aortic dissection, aortic aneurysm, and localization of a chronic puncture site.

While the invention has been illustrated and described in detail in the drawings and foregoing description, the same is to be considered as illustrative and not restrictive in character, it being understood that only the preferred embodiment has been shown and described and that all changes and modifications that come within the spirit of the invention are desired to be protected.

I claim:

1. A stent, comprising:

a wire formed into a closed zig-zag configuration including:

an endless series of straight sections;

a plurality of bends;

said straight sections joined by said bends to form the stent;

wherein said stent is resiliently depressible into a smaller first shape wherein said straight sections are arranged side-by-side and closely adjacent one another for insertion into a passageway and said bends store stress therein; and,

wherein said stent is resiliently expandable, by the release of the stress stored in said bends, into a second shape wherein said straight sections press against the wall of the passageway to maintain it open.

2. The structure of claim 1 additionally comprising a tubular cartridge having said stent therein, said stent being resiliently depressed into said smaller first shape.

3. The structure of claim 2 additionally comprising a sheath having a lumen therethrough, said sheath having an adapter recess arranged coaxially with said lumen and enlarged in size relative to said lumen, and a flexible member having a closed end and having an outer size sufficiently small to fit within said sheath yet sufficiently large to push said stent out of said sheath.

4. The stent of claim 1 wherein said wire is stainless steel of 0.018 inch O.D.

5. The stent of claim 4 wherein said stent in its second shape is 5.5. cm long and 4 cm in diameter.

6. The stent of claim 4 wherein said stent in its second shape is 3.0 cm long and 2.5 cm in diameter.

7. The stent of claim 4 wherein said bends are relatively sharp and are at a radius of no more than 0.2 cm.

8. A method for inserting a stent which comprises:

compressing a stent including a resilient wire formed in a closed zig-zag configuration into a first shape wherein the zig-zag configuration includes side-by-side closely adjacent straight sections joined by bends with a stress therein;

moving said compressed wire stent into a sheath;

locating the distal end of the sheath in a passageway with the compressed wire within the distal end of the sheath;

removing the sheath from the passageway while holding the stent in place whereby the stress in the stent causes it to expand in the passageway to hold the passageway open and enlarged.

9. The method of claim 8 wherein more than one stent is put in the passageway by said compressing, moving, locating and removing steps, said more than one sheath being overlapping.

10. The method of claim 8 wherein more than one stent is put in the passageway by said compressing, moving, locating and removing steps, said more than one stent being spaced longitudinally of the passageway.

* * * * *

Ex. G

THE TWELFTH ANNUAL COURSE
ON

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Hotel Inter-Continental
San Diego, California
March 23-26, 1987

ONDAY – MARCH 23, 1987

:00-7:45 AM CONTINENTAL BREAKFAST
:45-8:00 AM WELCOME & ANNOUNCEMENTS
Thomas A. Sos, M.D., President, SCVIR
DERATOR: *Herbert L. Abrams, M.D.)*
00-8:20 AM "PHARMACO-ARTERIOGRAPHY IN THE EVALUATION OF IMPOTENCE"
Joseph J. Bookstein, M.D.
20-8:40 AM "RADIOLOGIC DIAGNOSIS AND STAGING OF HEPATIC NEOPLASMS"
Patrick C. Freeny, M.D.
40-9:00 AM "APPROACHES TO THE DIAGNOSIS OF PULMONARY EMBOLISM"
Arthur C. Waltman, M.D.
00-9:20 AM "A CRITICAL LOOK AND UPDATE ON VENA CAVAL FILTERS"
Christos A. Athanasoulis, M.D.
20-9:40 AM "DIGITAL SUBTRACTION ANTERIOGRAPHY IN CONGENITAL HEART DISEASE"
Ina L. Tonkin, M.D.
):10:00 AM "PHARMACO-CAVERNOSOGRAPHY AND MANOMETRY IN THE EVALUATION OF IMPOTENCE"
Joseph J. Bookstein, M.D.
):10:20 AM "ADVANCES AND CURRENT STATUS OF CONTRAST AGENTS"
Michael A. Berman, M.D.
):10:40 AM "DIAGNOSIS AND EVALUATION OF AORTIC ANEURYSMS – THE ROLE OF MRI"
Murray Baron, M.D.
-11:20 AM COFFEE BREAK
'ERATOR: *Joseph J. Bookstein, M.D.)*
-11:40 AM "THE VALUE OF NON-INVASIVE IMAGING TECHNIQUES FOR THE DIAGNOSIS OF MEDIASTINAL MASSES"
Manuel Viamonte, Jr., M.D.
-12:00 PM "EVALUATION OF CARDIOVASCULAR FUNCTION BY MRI: CINE MAGNETIC RESONANCE IMAGING"
Charles B. Higgins, M.D.
12:20 PM "MRI OF CONGENITAL HEART DISEASE"
Murray J. Maser, M.D.
12:40 AM "MRI OF LIVER DISEASES"
Antonios S. Gomes, M.D.
):1:00 PM "ADRENAL MRI: THE END OF ADRENAL ANGIOGRAPHY"
John L. Doppman, M.D.
):1:20 PM "MAGNETIC RESONANCE IMAGING ANGIOGRAPHY"
Edward Buonocore, M.D.
):6:30 PM WORKSHOPS

ESDAY – MARCH 24, 1987

):8:00 AM CONTINENTAL BREAKFAST
TRATOR: *Wilfrido R. Castaneda, M.D.)*
-8:15 AM "NON-INVASIVE DOPPLER ANGIOGRAPHY AS A PRELUDE TO ARTERIOGRAPHY & INTERVENTION"
James R. LaPage, M.D.
-8:30 AM "DIGITAL ANGIOGRAPHY IN THE EVALUATION OF PERIPHERAL VASCULAR DISEASE"
Helen C. Redman, M.D.
-8:45 AM "PERCUTANEOUS ANGIOSCOPY"
Amir Motarjeme, M.D.
-9:05 AM "ILIOFEMORAL PERCUTANEOUS TRANSLUMINAL ANGIOPLASTY"
Robert J. Rosen, M.D.
-9:25 AM "TIBIAL PERCUTANEOUS TRANSLUMINAL ANGIOPLASTY"
Donald W. Schwarten, M.D.
-9:40 AM "RECENT DEVELOPMENTS IN CORONARY ANGIOPLASTY"
9:40-10:00 AM "RENAL PERCUTANEOUS TRANSLUMINAL ANGIOPLASTY: METHODS"
Charles J. Tegtmeyer, M.D.
10:00-10:20 AM "RENAL PERCUTANEOUS TRANSLUMINAL ANGIOPLASTY: RESULTS"
Thomas A. Sos, M.D.
10:20-10:40 AM "PREDICTING RECURRENCES FOLLOWING PERCUTANEOUS TRANSLUMINAL ANGIOPLASTY"
Robert L. White, Jr., M.D.
10:40-11:20 AM COFFEE BREAK
(MODERATOR: *Mark H. Whaley, M.D.)*
11:20-11:40 AM "RECENT DEVELOPMENTS IN FIBRINOLYTIC THERAPY"
Barry T. Katzen, M.D.
11:40-11:55 AM "PERCUTANEOUS ATHERECTOMY"
Donald E. Schwarten, M.D.
11:55-12:05 PM "ATHEROLYTIC WIRE FOR TOTALLY OBSTRUCTED VESSELS"
Mark H. Whaley, M.D.
12:05-12:25 PM "PERCUTANEOUS ANGIOPLASTY WITH HOT TIP LASER"
Alan J. Greenfield, M.D.
12:25-12:45 PM "EXCIMER LASER ANGIOPLASTY"
Donald E. Schwarten, M.D.
12:45-1:05 PM "THE CURRENT STATUS OF VASCULAR PROSTHESIS"
Julio C. Palmaz, M.D.
1:05-1:20 PM "GIANTURCO EXPANDIBLE STENTS IN CLINICAL & EXPERIMENTAL USE"
Josef Rosch, M.D.
5:00-6:30 PM WORKSHOPS

WEDNESDAY – MARCH 25, 1987

7:15-8:00 AM CONTINENTAL BREAKFAST
(MODERATOR: *Robert L. White, Jr., M.D.)*
8:00-8:20 AM "LEGAL PROBLEMS OF INTERVENTIONALISTS"
Stewart Reuser, M.D.
8:20-8:40 AM "ECONOMIC & PRACTICAL IMPACT OF INTERVENTIONAL RADIOLOGY ON THE PRACTICE OF MEDICINE"
William J. Casarella, M.D.
8:40-9:00 AM "POLITAL CONFLICTS IN INTERVENTIONAL RADIOLOGY"
P. Ruben Koehler, M.D.
9:00-9:35 AM "PRACTICAL ASPECTS OF DEALING WITH THE CHANGING AMERICAN HEALTH CARE SYSTEM"
Robert Stein, Ph.D.

SPECIAL LECTURE HONORING
DR. CHARLES T. DOTTER

9:35-9:45 AM "INTRODUCTION OF DOTTER LECTURER"
Thomas A. Sos, M.D.
9:45-10:25 AM "DOTTER LECTURE:" THE INTERVENTIONALIST'S IMPACT ON THE PRACTICE OF RADIOLOGY"
Stanley Baum, M.D.

*Supported by Cook, Inc.

10:25-11:00 AM COFFEE BREAK
(MODERATOR: *Edward M. Dray, M.D.)*
11:00-11:20 AM "APPROACH FOR PERCUTANEOUS NEPHROSTOMY"
Wilfrido R. Castaneda, M.D.
11:20-11:40 AM "ANTEGRADE URETERAL STENTING"
Harold A. May, M.D.
11:40-12:00 PM "URETERAL STRICTURE DILATATION"
Andrew B. Crummy, M.D.
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THURSDAY

7:15-8:00 AM CONT
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11:15-11:35 AM "ANGIO
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BILIARY/G.I.
DRUGS, THE BLUES, TURF
EMBOLOTHERAPY
G.U. INTERVENTION
LASER APPLICATIONS
NON-INVASIVE CARDIOV

GIANTURCO EXPANDABLE STENTS IN EXPERIMENTAL AND CLINICAL USE

J. Rösch, J. Putnam, B. Uchida

Gianturco expandable stents (GES) were designed for percutaneous stenting of medium-sized and large vascular and ductal structures. They were tested in animals for application in venous, arterial, portal and biliary systems and the tracheobronchial tree and successfully used on an experimental basis in a few patients (1-7). GES are still in a developmental stage, but there is a reasonable hope that they will be available for clinical use in the not-too-distant future.

GES are constructed of stainless steel wire 0.014-0.020 inch in diameter, which is bent in a zigzag pattern with ends joined to form a cylinder. They are compressed in a cartridge and introduced percutaneously through a catheter. A small diameter stent (5 to 10mm) is introduced through a 9F catheter and large stent (15 to 40mm) through a 12F catheter. After being released inside a vessel, GES expand, and their expanding force is capable of dilating a narrowed vascular or ductal lumen. With high degree stenoses, when the expanding force of the stent is not sufficient, a balloon catheter is used to expand the stent to a desirable lumen. Continued slight expansion of the stents was observed during a period of time in the tracheobronchial tree and venous system (4, 7). A monofilament line attached to the ends of the stent legs was found to be useful to limit the stent expansion to a desirable diameter (6, 7).

GES are 2 to 4 cm long, and the stent length is selected depending on the lesion

to be stented. In longer lesions, two or more 2 cm long stents are connected by a wire strut or monofilament line to form a stent combination (5, 7). A wire skirt attached to one or both ends of the stent was found to be useful to keep a central position of the stent end in the vascular lumen (6, 7). The attached skirt also helps to prevent stent dislodgement. Small hooks can be added to the stent or skirt to insure a fixed position of the stent in a large vessel and prevent stent migration (5, 7).

GES are highly promising for dilating and stenting large veins and arteries. In experimental stenosis of the inferior vena cava of canines, GES placement resulted in a long term (4 months) dilation of the stenosis and improved hemodynamics (5). GES also have a good potential in the treatment of aortic dissection, as was demonstrated in vitro on experimentally induced dissections of aortic specimens (3). Intravascular GES exhibit low thrombogenicity; placed in the canine vena cava and aorta, they stayed widely patent for 5 to 6 months, until the animals were sacrificed (1). Cellular proliferation occurred early around the wires in contact with the intima, and in 4 weeks, the venous stents were almost completely endothelialized and incorporated in the venous wall. In arteries this process took about 3 months. Blood vessels whose origins were bridged by the stent remained open. Only minimal cellular growth was observed on wire segments bridging the renal veins in canines after the stents were in place for 6 months (1).

GES offer a realistic chance for a transjugularly performed intrahepatic portacaval shunt for treatment of massive variceal bleeding in patients with portal hypertension (8). Creation of such an experimental shunt using GES was successfully achieved in young domestic swine without portal hypertension (6). Well-positioned

stents shunted most of the portal blood into the IVC circulation and remained patent for 4 to 6 weeks. Ingrowth of the liver parenchyma and hyperproliferation of neointima in rapidly growing animals gradually decreased shunt patency. The hyporegenerative livers of cirrhotic patients are not expected to react in this way.

Promising results were also obtained with experimental use of GES in the biliary system and tracheobronchial tree in canines. Small diameter stents (5 to 10mm) were placed as endoprostheses in the common bile duct and large stents (20 to 40mm in diameter) in the trachea and bronchus. The stents remained well distended over weeks to months and caused only mild inflammatory reaction (2, 4).

Clinical experience with GES is very limited but highly promising. GES were used in a few patients for palliation of lesions or syndromes which were difficult or impossible to manage by other means. Tracheal and bronchial stents were placed with good results and no side effects for palliation of severe postsurgical stenoses or after surgical failure of tracheal reconstruction (4). Excellent results were also achieved with the use of GES for dilation of stenoses of inferior and superior vena cava, particularly for relief of the SVC syndrome (4, 5, 7). A large dilating balloon catheter had to be used to fully expand the stent in a firm SVC stenosis caused by tumor invasion and postradiation fibrosis. Stent placement resulted in immediate relief of symptoms. In our two patients with SVC syndrome recurring after maximum tolerance radiation where no other treatment could be used, GES placement resulted in long term palliation (9 months, until submission of this abstract) of severe SVC syndrome symptoms (7).

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EX-H

United States Patent [19]

Palmaz

[11] **Patent Number: 4,776,337**

[45] **Date of Patent: Oct. 11, 1988**

[54] **EXPANDABLE INTRALUMINAL GRAFT, AND METHOD AND APPARATUS FOR IMPLANTING AN EXPANDABLE INTRALUMINAL GRAFT**

[75] Inventor: **Julio C. Palmaz, San Antonio, Tex.**

[73] Assignee: **Expandable Grafts Partnership, San Antonio, Tex.**

[21] Appl. No.: **878,821**

[22] Filed: **Jun. 26, 1986**

Related U.S. Application Data

[63] Continuation-in-part of Ser. No. 796,009, Nov. 7, 1985, Pat. No. 4,733,665.

[51] Int. Cl.[4] A61M 29/02

[52] U.S. Cl. 128/343; 623/1; 128/344; 600/36

[58] Field of Search ..... 128/1 R, 343–344; 623/1

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[57] **ABSTRACT**

An expandable intraluminal vascular graft is expanded within a blood vessel by an angioplasty balloon associated with a catheter to dilate and expand the lumen of a blood vessel. The graft may be a wire mesh tube, having a biologically inert coating thereon.

26 Claims, 2 Drawing Sheets

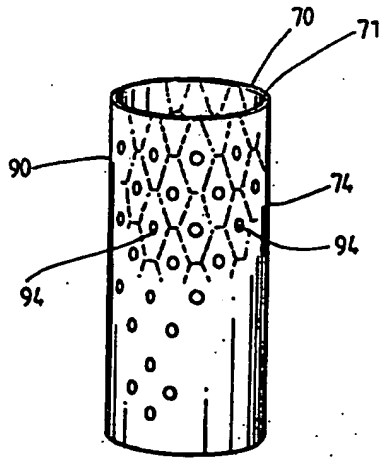


Fig. 1A

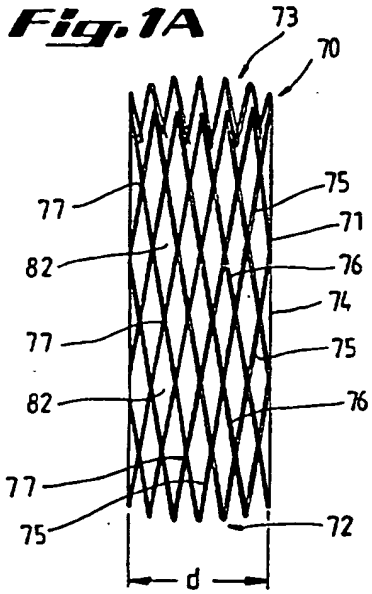


Fig. 1B

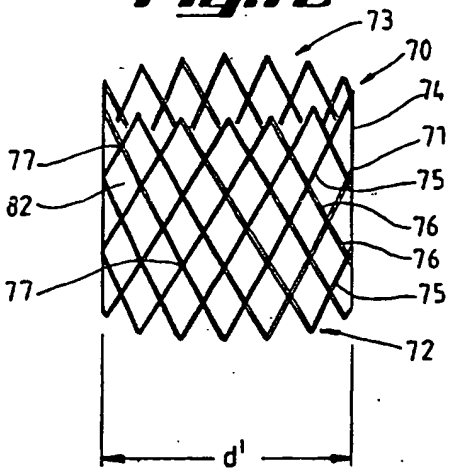
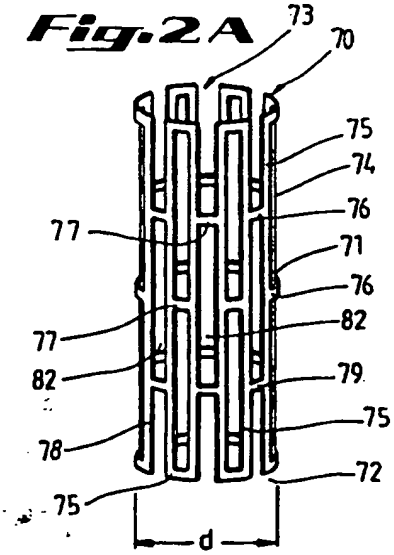


Fig. 2A



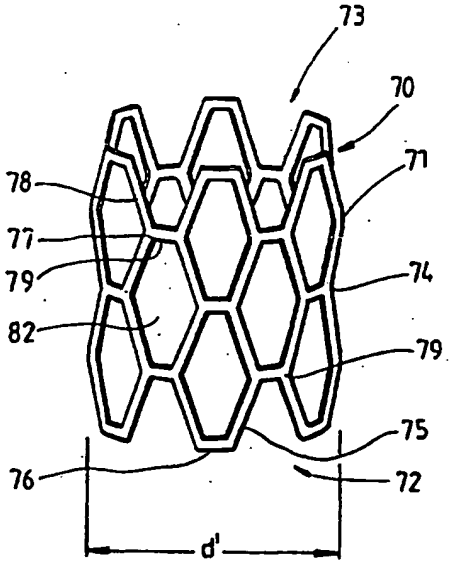


Fig. 2B

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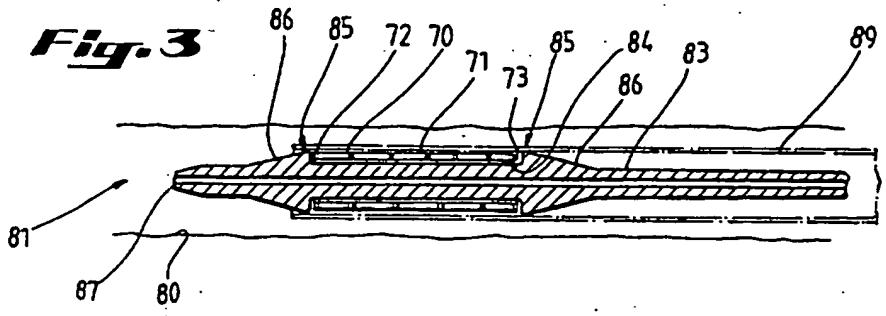
Fig. 3



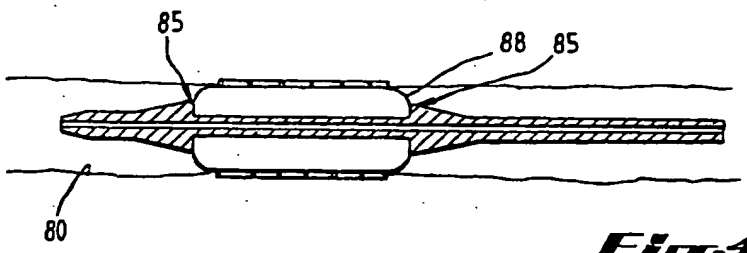
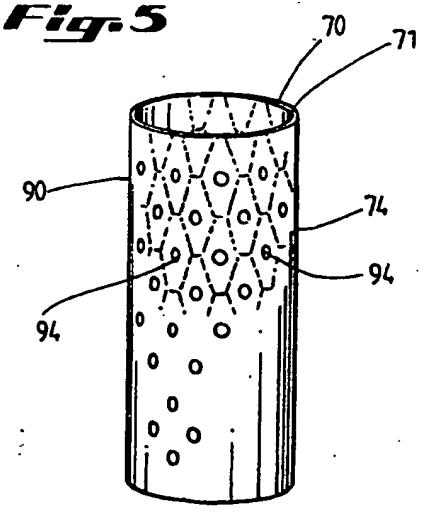


Fig. 4

Fig. 5



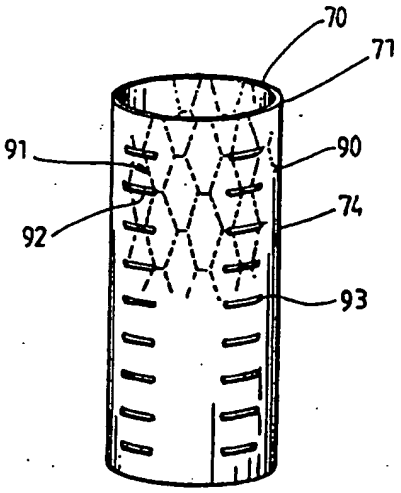


Fig. 6

EXPANDABLE INTRALUMINAL GRAFT, AND METHOD AND APPARATUS FOR IMPLANTING AN EXPANDABLE INTRALUMINAL GRAFT

RELATED APPLICATION

This application is a continuation-in-part of applicant's copending application Ser. No. 796,009 filed Nov. 7, 1985, now U.S. Pat. No. 4,733,665 entitled Expandable Intraluminal Graft, and Method and Apparatus for Implanting an Expandable Intraluminal Graft.

FIELD OF THE INVENTION

The invention relates to an expandable intraluminal graft for use within a body passageway or duct and, more particularly, expandable intraluminal vascular grafts which are particularly useful for repairing blood vessels narrowed or occluded by disease; and a method and apparatus for implanting expandable intraluminal grafts.

DESCRIPTION OF THE PRIOR ART

Intraluminal endovascular grafting has been demonstrated by experimentation to present a possible alternative to conventional vascular surgery. Intraluminal endovascular grafting involves the percutaneous insertion into a blood vessel of a tubular prosthetic graft and its delivery via a catheter to the desired location within the vascular system. Advantages of this method over conventional vacular surgery include obviating the need for surgically exposing, incising, removing, replacing, or bypassing the defective blood vessel.

Structures which have previously been used as intraluminal vascular grafts have included coiled stainless steel springs; helically would coil springs manufactured from an expandable heat-sensitive material; and expanding stainless steel stents formed of stainless steel wire in a zig-zag pattern. In general, the foregoing structures have one major disadvantage in common. Insofar as these structures must be delivered to the desired location within a given body passageway in a collapsed state, in order to pass through the body passageway, there is no effective control over the final, expanded configuration of each structure. For example, the expansion of a particular coiled spring-type graft is predetermined by the spring constant and modulus of elasticity of the particular material utilized to manufacture the coiled spring structure. These same factors predetermine the amount of expansion of collapsed stents formed of stainless steel wire in a zig-zag pattern. In the case of intraluminal grafts, or prostheses, formed of a heat sensitive material which expand upon heating, the amount of expansion is likewise predetermined by the heat expansion characteristics of the particular alloy utilized in the manufacture of the intraluminal graft.

Thus, once the foregoing types of intraluminal grafts are expanded at the desired location within a body passageway, such as within an artery or vein, the expanded size of the graft cannot be changed. If the diameter of the desired body passageway has been miscalculated, an undersized graft might not expand enough to contact the interior surface of the body passageway, so as to be secured thereto. It may then migrate away from the desired location within the body passageway. Likewise, an oversized graft might expand to such an extent that the spring force, or expansion force, exerted by the graft upon the body passageway could cause rupturing of the body passageway.

Another alternative to conventional vascular surgery has been percutaneous balloon dilation of elastic vascular stenoses, or blockages, through use of a catheter mounted angioplasty balloon. In this procedure, the angioplasty balloon is inflated within the stenosed vessel, or body passageway, in order to shear and disrupt the wall components of the vessel to obtain an enlarged lumen. With respect to arterial atherosclerotic lesions, the relatively incompressible plaque remains unaltered, while the more elastic medial and adventitial layers of the body passageway stretch around the plaque. This process produces dissection, or a splitting and tearing, of the body passageway wall layers, wherein the intima, or internal surface of the artery or body passageway, suffers fissuring. This dissection forms a "flap" of underlying tissue which may reduce the blood flow through the lumen, or block the lumen. Typically, the distending intraluminal pressure within the body passageway can hold the disrupted layer or flap, in place. If the intimal flap created by the balloon dilation procedure is not maintained in place against the expanded intima, the intimal flap can fold down into the lumen and close off the lumen, or may even become detached and enter the body passageway. When the intimal flap closes off the body passageway, immediate surgery is necessary to correct this problem.

Although the balloon dilation procedure is typically conducted in the catheterization lab of a hospital, because of the foregoing problem, it is always necessary to have a surgeon on call should the intimal flap block the blood vessel or body passageway. Further, because of the possibility of the intimal flap tearing away from the blood vessel and blocking the lumen, balloon dilations cannot be performed upon certain critical body passageways, such as the left main coronary artery, which leads into the heart. If an intimal flap formed by a balloon dilation procedure abruptly comes down and closes off a critical body passageway, such as the left main coronary artery, the patient could die before any surgical procedures could be performed.

Additional disadvantages associated with balloon dilation of elastic vascular stenoses is that many fail because of elastic recoil of the stenotic lesion. This usually occurs due to a high fibrocollagenous content in the lesion and is sometimes due to certain mechanical characteristics of the area to be dilated. Thus, although the body passageway may initially be successfully expanded by a balloon dilation procedure, subsequent, early restenosis can occur due to the recoil of the body passageway wall which decreases the size of the previously expanded lumen of the body passageway. For example, stenoses of the renal artery at the ostium are knon to be refractory to balloon dilation because the dilating forces are applied to the aortic wall rather than to the renal artery itself. Vascular stenoses caused by neointimal fibrosis, such as those seen in dialysis-access fistulas, have proved to be difficult to dilate, requiring high dilating pressures and larger balloon diameters. Similar difficulties have been observed in angioplasties of graft-artery anastomotic strictures and postendarterectomy recurrent stenoses. Percutaneous angioplasty of Takayasu arteritis and neurofibromatosis arterial stenoses may show poor initial response and recurrence which is believed due to the fibrotic nature of these lesions.

Accordingly, prior to the development of the present invention, there has been no expandable intraluminal vascular graft, and method and apparatus for expanding the lumen of a body passageway, which: prevents recurrence of stenoses in the body passageway; can be utilized for critical body passageways, such as the left main coronary artery of a patient's heart; prevents recoil of the body passageway wall; and allows the intraluminal graft to be expanded to a variable size to prevent migration of the graft away from the desired location; and to prevent rupturing of the body passageway by the expanded graft. Therefore, the art has sought an expandable intraluminal vascular graft, and method and apparatus for expanding the lumen of a body passageway which: prevents recurrence of stenoses in the body passageway; is believed to be able to be utilized in critical body passageways, such as the left main coronary artery of the heart; prevents recoil of the body passageway; and can be expanded to a variable size within the body passageway to prevent migration of the graft away from the desired location; and to prevent rupturing of the body passageway by the expanded graft.

SUMMARY OF THE INVENTION

In accordance with the invention the foregoing advantages have been achieved through the present expandable introluminal vascular graft. The present invention includes a tubular shaped member having first and second ends and a wall surface disposed between the first and second ends, the walls surface being formed by a plurality of intersecting elongate members, at least some of the elongate members intersecting with one another intermediate the first and second ends of the tubular shaped member; the tubular shaped member having a first diameter which permits intraluminal delivery of the tubular shaped member into a body passageway having a lumen; and the tubular shaped member having a second, expanded diameter, upon the application from the interior of the tubular shaped member of a radially, outwardly extending force, which second diameter is variable and dependent upon the amount of force applied to the tubular shaped member, whereby the tubular shaped member may be expanded to expand the lumen of the body passageway.

A further feature of the present invention is that the plurality of elongate members may be a plurality of wires, and the wires may be fixedly secured to one another where the wires intersect with one another. An additional feature of the present invention is that the plurality of elongate members may be a plurality of thin bars which are fixedly secured to one another where the bars intersect with one another. A further feature of the present invention is that the tubular shaped member may have a biological intert coating on its wall surface, and the coating may include a means for anchoring the tubular shaped member to the body passageway.

In accordance with the invention, the foregoing advantages have also been achieved through the present method for expanding the lumen of a body passageway. The method of the present invention comprises the steps of: inserting an intraluminal graft, disposed upon a catheter, into the body passageway until it is disposed adjacent a desired location within the body passageway; and expanding a portion of the catheter to cause the intraluminal graft to radially expand outwardly into contact with the body passageway until the lumen of the body passageway at the desired location of the body passageway has been expanded, whereby the intraluminal graft prevents the body passageway from collapsing and decreasing the size of the expanded lumen.

A further feature of the present invention is that the portion of the catheter in contact with the intraluminal graft may be collapsed, and the catheter removed from the body passageway. A further feature of the present invention is that a catheter having an expandable, inflatable portion associated therewith may be utilized; and expansion of the intraluminal graft and the portion of the catheter is accomplished by inflating the expandable, inflatable portion of the catheter.

A further feature of the present invention is that a wire mesh tube may be utilized as the intraluminal graft, the wire mesh tube having a first predetermined, collapsed diameter which permits the tube to be inserted within the body passageway at and delivered to the desired location. Another feature of the present invention is that the wire mesh tube may be expanded to a second diameter within the body passageway; the second, expanded diameter being variable and determined by the desired expanded internal diameter of the body passageway, whereby the expanded wire mesh tube will not migrate from the desired location within the body passageway and the expansion of the intraluminal graft does not cause a rupture of the body passageway.

In accordance with the invention, the foregoing advantages have also been achieved through the present apparatus for intraluminally reinforcing a body passageway. The present invention includes: an expandable, tubular shaped prosthesis having first and second ends and a wall surface disposed between the first and second ends, the wall surface being formed by a plurlity of intersecting elongate members; and a catheter, having an expandable, inflatable portion associated therewith and including means for mounting and retaining the expandable tubular shaped prosthesis on the expandable, inflatable portion, whereby upon inflation of the expandable, inflatable portion of the catheter, the prosthesis is forced radially outwardly into contact with the body passageway. A further feature of the present invention is that the mounting and retaining means may comprise a retainer ring member disposed on the catheter adjacent the expandable, inflatable portion and adjcent each end of the expandable, tubular shaped prosthesis.

The expandable intraluminal vascular graft, method for expanding the lumen of a body passageway, and apparatus for intraluminally reinforcing a body passageway of the present invention, when compared with previously proposed prior art intraluminal grafts, methods for implanting them, and balloon dilation techniques have the advantage of: preventing recurrence of stenoses; is believed to permit implantation of grafts in critical body passageways, such as in the left main coronary artery of the heart; prevents recoil of the body passageway; and permits expansion of the graft to a variable size dependent upon conditions within the body passageway.

BRIEF DESCRIPTION OF THE DRAWINGS

In the drawings:

FIG. 1A is a perspective view of an expandable intraluminal vascular graft, or prosthesis for a body passageway, having a first diameter which permits delivery of the graft, or prosthesis, into a body passageway;

FIG. 1B is a perspective view of the graft, or prosthesis, of FIG. 1A, in its expanded configuration when disposed within a body passageway;

FIG. 2A is a perspective view of another embodiment of an expandable intraluminal vascular graft, or prosthesis for a body passageway, having a first diameter which permits intraluminal delivery of the graft, or prosthesis, into a body passageway;

FIG. 2B is a perspective view of the graft, or prosthesis, of FIG. 2A, shown in its expanded configuration when disposed within a body passageway;

FIG. 3 is a cross-sectional view of an apparatus for intraluminally reinforcing a body passageway, or for expanding the lumen of a body passageway, illustrating a prosthesis, or intraluminal vascular graft, in the configuration shown in FIGS. 1A and 2A;

FIG. 4 is a cross-sectional view of the apparatus for intraluminally reinforcing a body passageway, or for expanding the lumen of a body passageway, with the graft, or prosthesis, in the configurations shown in FIGS. 1B and 2B; and

FIGS. 5 and 6 are perspective views of prostheses for a body passageway, with the grafts, or prostheses, having a coating thereon.

While the invention will be described in connection with the preferred embodiment, it will be understood that it is not intended to limit the invention to that embodiment. On the contrary, it is intended to cover all alternatives, modifications, and equivalents, as may be included within the spirit and scope of the invention as defined by the appended claims.

DETAILED DESCRIPTION OF THE INVENTION

In FIGS. 1A and 2A, an expandable intraluminal vascular graft, or expandable prosthesis for a body passageway, 70 is illustrated. It should be understood that the terms "expandable intraluminal vascular graft" and "expandable prosthesis" are interchangeably used to some extent in describing the present invention, insofar as the method, apparatus, and structures of the present invention may be utilized not only in connection with an expandable intraluminal vascular graft for expanding partially occluded segments of a blood vessel, or body passageway, but may also be utilized for may other purposes as an expandable prosthesis for many other types of body passageways. For example, expandable prostheses 70 may also be used for such purposes as: (1) supportive graft placement within blocked arteries opened by transluminal recanalization, but which are likely to collapse in the absence of an internal support; (2) similar use following catheter passage through mediastinal and other veins occluded by inoperable cancers; (3) reinforcement of catheter created intrahepatic communications between portal and hepatic veins in patients suffering from portal hypertension; (4) supportive graft placement of narrowing of the esophagus, the intestine, the ureters, the urethra; and (5) supportive graft reinforcement of reopened and previously obstructed bile ducts. Accordingly, use and the term "prosthesis" encompasses the foregoing usages within various types of body passageways, and the use of the term "intraluminal vascular graft" encompasses use for expanding the lumen of a body passageway. Further, in this regard, the term "body passageway" encompasses any duct within the human body, such as those previously described, as well as any vein, artery, or blood vessel within the human vascular system.

Still with reference to FIG. 1A, the expandalbe intraluminal vascular graft, or prosthesis, 70 is shown to generally comprise a tubular shaped member 71 having first and second ends 72, 73 and a wall surface 74 disposed between the first and second end 72, 73. Preferably, the wall surface 74 is formed by a plurality of intersecting elongate members 75, 76 with at least some of the elongate members 75, 76 intersecting with one another intermediate the first and second ends 72, 73 of the tubular shaped member 71, such as shown at intersection points 77. Tubular shaped member 71 has a first diameter, d, which, to be hereinafter described in greater detail, permits intraluminal delivery of the tubular shaped member 71 into a body passageway 80 having a lumen 81 (FIG. 3). With reference to FIG. 1B, upon the application from the interior of the tubular shaped member 71 of a radially, outwardly extending force, to be hereinafter described in greater detail tubular shaped member 71 has a second, expanded diameter, d', which second diameter d' is variable in size and dependent upon the amount of force applied to the tubular shaped member 71.

With reference to FIGS. 1A and 1B, elongate members 75, 76, which form wall surface 74 of tubular shaped member 71, may be any suitable material which is compatible with the human body and the bodily fluids (not shown) with which the vascular graft, or prosthesis, 70 may comne into contact. Elongate members 75, 76 must also be made of a material which has the requisite strength and elasticity characteristics to permit the tubular shaped member 71 to be expanded from the configuration shown in FIG. 1A to the configuration shown illustrated in FIG. 1B and further to permit the tubular shaped member 71 to retain its expanded configuration with the enlarged diameter d' shown in FIG. 1B. Suitable materials for the fabrication of tubular shaped member 71 would include silver, tantalum, stainless steel, gold, titanium or any suitable plastic material having the requisite characteristics previously described. Preferably, elongate members 75, 76 are fabricated from stainless steel. Preferably, the elongate members 75, 76 illustrated in FIGS. 1A and 1B are small diameter stainless steel wires having a cylindrical cross-section. It should of course be understood that each elongate member 75, 76, could have other cross-sectional configurations, such as triangular, square, rectangular, hexagonal, etc. Further, it is preferable that the plurality of elongate members 75, 76 are fixedly secure to one another where the elongate members 75, 76 intersect with one another, such as at the intersection points 77. Elongate members 75, 76 could be fixedly secured to one another in any conventional manner, such as by welding, soldering, or gluing, such as with a suitable epoxy glue; however, it is preferred that the intersection points 77 are soldered with silver. By fixedly securing the elongate members 75, 76, to one another, tubular member 71 is provided with a relatively high resistance to radial collapse, and the tubular shaped member 71 has the ability to retain its enlarged diameter, d', as shown in FIG. 1B. Preferably, tubular shaped member 71 is made of continuous, stainless steel wire woven in a criss-crossed tubular pattern to form what can be generally described as a wire mesh tube.

When fabricating tubular shaped member, or wire mesh tube, 71, it can be initially fabricated in the configuration shown in FIG. 1A with diameter, d. Alternatively, it can be fabricated with a diameter which is larger than initial diameter d and after fabrication, tubular shaped member 71 could be carefully collapsed to have diameter d shown in FIG. 1A. During the collapsing of tubular shaped member, or wire mesh tube, 71,

care must be taken to insure that overlapping of adjacent elongate member 75, 76 is avoided. It should of course be understood that upon expansion of tubular shaped member, or wire mesh tube, 71 into the configuration shown in FIG. 1B, the distance between first and second ends 72 and 73 will of course decrease.

With reference now to FIGS. 2A and 2B, another embodiment of expandable intraluminal vascular graft, or prosthesis, 70, is illustrated. The same reference numerals are utilized and are applicable for elements previously described in FIGS. 1A and 1B. The intraluminal vascular graft, or prosthesis, 70 of FIGS. 2A and 2B differs from that previously described in connection with FIGS. 1A and 1B, in that the plurality of elongate members 75 and 76 are a plurality of thin bars 78, 79 which are preferably fixedly secured to one another where the bars 78, 79 intersect with one another. Bars 78, 79 preferably have a thin, rectangular cross-sectional configuration, and may be joined to one another in any conventional manner, such as by welding, brazing, soldering, or may be formed integral with one another. Preferably, tubular shaped member 71 is initially a thin-walled stainless steel tube, and the openings 82 between the intersecting bars 78 and 79 are formed by a conventional etching process, such as electromechanical or laser etching, whereby the resultant structure is a tubular shaped member 71 having a plurality of intersecting elongate members 78, 79. The embodiment of graft, or prosthesis, 70 of FIG. 2A, likewise can assume an expanded configuration as shown in FIG. 2B and as previously described in connection with FIG. 1B, upon the application from the interior of the tubular shaped member 71 of a radially, outwardly extending force. It should be further understood that the embodiment of vascular graft, or prosthesis, 70 of FIGS. 2A and 2B, could also be generally described as a wire mesh tube.

With reference now to FIGS. 3 and 4, the methods and apparatus of the present invention will be described in greater detail. Once again, it should be understood that the methods and apparatus of the present invention are useful not only for expanding the lumen of a body passageway, such as an artery, vein, or blood vessel of the human vascular system, but are also useful to perform the previously described procedures to intraluminally reinforce other body passageways or ducts, as previously described. Still with reference to FIGS. 3 and 4, an expandable intraluminal vascular graft, or prosthesis, 70, which may be of the type previously described in connection with FIGS. 1A or 2A, is disposed or mounted upon a catheter 83. Catheter 83 has an expandable, inflatable portion 84 associated therewith. Catheter 83 includes means for mounting and retaining 85 the expndable intraluminal vascular graft, of prosthesis, 70 on the expandable, inflatable portion 84 of catheter 83. Preferably, the mounting and retaining means 85 comprises retainer ring members 86 disposed on the catheter 83 adjacent the expandable inflatable portion 84 of catheter 83; and a retainer ring member 86 is disposed adjacent each end 72, 73 of the expandable intraluminal vascular graft, or prosthesis, 70. Preferably, as seen in FIG. 3, while retainer ring members are formed integral with catheter 83, and the retainer ring member 86 adjacent the leading tip 87 of catheter 83 slopes upwardly and away from catheter tip 87 in order to protect and retain graft or prosthesis, 70 as it is inserted into the lumen 81 of body passageway 80, as to be hereinafter described in greater detail. The remaining retainer ring member 86 as shown in FIG. 3, slopes downwardly away from tip 87 of catheter 83, to insure easy removal of catheter 83 from body passageway 80. After expandable intraluminal graft, or prothesis, 70 has been disposed upon catheter 83, in the manner previously described, the graft, or prosthesis, 70 and catheter 83 are inserted within a body passageway 80 by catheterization of the body passageway 80 in a conventional manner.

In a conventional manner, the catheter 83 and graft, or prosthesis, 70 are delivered to the desired location within the body passageway 80, whereat it is desired to expand the lumen 81 of body passageway 80 via intraluminal graft 70, or where it is desired to implant prosthesis 70. Fluoroscopy, and/or other conventional techniques may be utilized to insure that the catheter 83 and graft, or prosthesis, 70 are delivered to the desired location within the body passageway. Prosthesis, or graft, 70 are then expanded by expanding the expandable, inflatable portion 84 of catheter 83, whereby the prosthesis, or graft, 70 is forced radially, outwardly into contact with the body passageway 80, as shown in FIG. 4. In this regard, the expandable, inflatable portion of catheter 83 may be a conventional angioplasty balloon 88. After the desired expansion of prosthesis, or graft, 70 has been accomplished, angioplasty balloon 88 may be collapsed, or deflated, and the catheter 83 may be removed in a conventional manner from body passageway 80. If desired, as seen in FIG. 3, catheter 83, having graft or prosthesis, 70 disposed thereon, may be initially encased in a conventional Teflon TM sheath 89, which is pulled away from prosthesis, or graft, 70, prior to expansion of the prosthesis, or graft, 70.

Still with reference to FIGS. 3 and 4, it should be noted that the tubular shaped member 71 of prosthesis, or graft, 70 initially has the first predetermined, collapsed diameter d as described in connection with FIGS. 1A and 2A, in order to permit the insertion of the wire mesh tube, or tubular shaped member, 71 into the body passageway 80 as previously described. When it is desired to implant prosthesis 70 within a body passageway 80 for the purposes previously described, the wire mesh tube, or prosthesis 70, is expanded to the second diameter d' and the second, expanded diameter d' is variable and determined by the internal diameter of the body passageway 80, as shown in FIG. 4. Accordingly, the expanded prosthesis 70, upon deflation of angioplasty balloon 88 will not be able to migrate from the desired location within the body passageway 80, nor will the expansion of the prosthesis 70 be likely to cause a rupture of the body passageway 80.

When it is desired to use expandable intraluminal graft 70 to expand the lumen 81 of a body passageway 80 having an area of stenosis, the expansion of intraluminal vascular graft 70 by angioplasty balloon 88, allows controlled dilation of the stenotic area and, at the same time controlled expansion of the vascular graft 70, whereby vascular graft 70 prevents the body passageway 80 from collapsing and decreasing the size of the previously expanded lumen 81. Once again, the second, expanded diameter d' of intraluminal vascular graft 70, as shown in FIG. 4, is variable and determined by the desired expanded internal diameter of body passageway 80. Thus, the expandable intraluminal graft 70 will not migrate away from the desired location within the body passageway 80 upon deflation of angioplasty balloon 88, nor will the expansion of intraluminal graft 70 likely cause a rupture of body passageway 80. Further, should an intimal flap, or fissure, be formed in body passage-

way 80 at the location of graft 70, graft 70 will insure that such an intimal flap will not be able to fold inwardly into body passageway 80, nor tear loose and flow through body passageway 80. In the situation of utilizing graft 70 in the manner previously described to expand the lumen of a portion of the left main artery, it is believed that the intimal flap will be unable to enter the heart and cause the death of the patient.

Because it is only necessary to inflate angioplasty balloon 88 one time in order to expand graft 70, it is believed that a greater amount of endothelium, or inner layer of the intima, or inner surface of the body passageway, will be preserved, insofar as the extent of endothelial denudation during transluminal angioplasty is proportional to the balloon inflation time. Further, in theory, the amount of preserved endothelium should be large because in the expanded configuration of graft 70, potentially 80% of the endothelium is exposed through openings 82 of graft 70. If is further believed that intact patches of endothelium between the elongate members 75, 76, 78, 79 of graft 70 may result in a rapid, multicentric endothelialization pattern as shown by experimental studies.

With reference now to FIGS. 5 and 6, prostheses, or grafts, 70 of the type previously described in connection with FIGS. 1A and 2A are shown, and the tubular shaped members 71 of grafts, or prostheses, 70 have a biologically inert coating 90 placed upon wall surfaces 74 of tubular shaped members 71. Examples of a suitable biologically inert coating would be porous polyurethane, Teflon TM, or other conventional biologically inert plastic materials. The coating 90 should be thin and highly elastic so as not to interfere with the desired expansion of prosthesis, or graft, 70. Coating 90 may be further provided with a means for anchoring 91 (FIG. 6) the tubular shaped member 71 to the body passageway 80. Anchoring means 91 may be comprised of a plurality of radially, outwardly extending projections 92 formed on the coating 90. As seen in FIG. 6, the radially outwardly extending projections 92 could comprise a plurality of ridges 93, or other types of radially, outwardly extending projections. Further, it may be desirable to have a plurality of openings 94 formed in coating 90, as shown in FIG. 5, whereby the fluid contained in body passageway 80 can be in direct contact with the dilated, or expanded, body passageway area.

It is to be understood that the invention is not limited to the exact details of construction, operation, exact materials or embodiment shown and described, as obviously modifications and equivalents will be apparent to one skilled in the art. For example, the means for expanding the prosthesis or graft could be a plurality of hydraulically actuated rigid members disposed on a catheter, or a plurality of angioplasty balloons could be utilized by expand the prosthesis or graft. Accordingly, the inventios is therefore to be limited only by the scope of the appended claims.

I claim:

1. A method for implanting a prosthesis within a body passageway comprising the steps of:

providing a biologically compatible coating on the outer surface of the prosthesis;

disposing the prosthesis upon a catheter;

inserting the prosthesis and catheter within the body passageway by catheterization of said body passageway; and

providing controllable expansion of the prosthesis at a desired location within the body passageway by expanding a portion of the catheter associated with the prosthesis to force the prosthesis radially outwardly into contact with the body passageway, by deforming a portion of the prosthesis with a force in excess of the elastic limit of the portion of the prosthesis, to implant the prosthesis within the body passageway.

2. The method of claim 1, including the step of: utilizing a wire mesh tube as the prosthesis, the wire mesh tube having a first predetermined collapsed diameter which permits the tube to be disposed upon the catheter and inserted into the body passageway.

3. The method of claim 2, wherein the biologically compatible coating is provided on the outer surface of the wire mesh tube.

4. The method of claim 3, wherein the coating is provided with a means for anchoring the prosthesis to the body passageway.

5. The method of claim 4, wherein the means for anchoring is the coating being provided with a plurality of radially, outwardly extending projections for engagement with the body passageway.

6. The method of claim 3, wherein the coating is provided with a plurality of openings to allow communication between the body passageway and the interior of the wire mesh tube.

7. A method for expanding the lumen of a body passageway comprising the steps of:

inserting an intraluminal graft, having a biologically compatible coating on the outer surface of the intraluminal graft, disposing upon a catheter, into the body passageway until it is disposed adjacent a desired location within the body passageway; and

expanding a portion of the catheter to provide controllable expansion of the intraluminal graft radially, outwardly into contact with the body passageway, by deforming a portion of the intraluminal graft with a force in excess of the elastic limit of the intraluminal graft, until the lumen of the body passageway at the desired location in the body passageway has been expanded, whereby the intraluminal graft prevents the body passageway from collapsing and decreasing the size of the expanded lumen, and the intraluminal graft remains in the passageway.

8. The method of claim 7, including the step of: utilizing a wire mesh tube as the intraluminal graft, the wire mesh tube having a first predetermined, collapsed diameter which permits the tube to be inserted within the body passageway at the desired location.

9. The method of claim 8, wherein the biologically compatible coating is provided on the outer surface of the wire mesh tube.

10. The method of claim 9, wherein the coating is provided with a means for anchoring the prosthesis to the body passageway.

11. The method of claim 10, wherein the means for anchoring is the coating being provided with a plurality of radially outwardly extending projections for engagement with the body passageway.

12. The method of claim 9, wherein the coating is provided with a plurality of opening to allow communication between the body passageway and the interior of the wire mesh tube.

13. An expandable intraluminal vascular graft, comprising:

a tubular shaped member having first and second ends and a wall surface disposed between the first

and second ends, the wall surface being formed by a plurality of intersecting elongate members, at least some of the elongate members intersecting with one another intermediate the first and second ends of the tubular shaped member;

the tubular shaped member having a biologically compatible coating on the wall surface;

the tubular shaped member having a first diameter which permits intraluminal delivery of the tubular shaped member into a body passageway having a lumen; and

the tubular shaped member having a second, expanded diameter, upon the application from the interior of the tubular shaped member of a radially, outwardly extending force, which second diameter is variable and controlled by the amount of force applied to the tubular shaped member, at least some of the elongate members being deformed by the radially, outwardly extending force, to retain the tubular shaped member with the second, expanded diameter, whereby the tubular shaped member may be expanded to expand the lumen of the body passageway and remain therein.

14. The expandable intraluminal vascular graft of claim 13, wherein the coating includes a means for anchoring the tubular shaped member to the body passageway.

15. The expandable intraluminal vascular graft of claim 14, wherein the anchoring means is a plurality of radially, outwardly extending projections formed on the coating.

16. The expandable intraluminal vascular graft of claim 13, wherein the coating has a plurality of openings therein to allow communication between the body passageway and the interior of the tubular shaped member.

17. An expandable prosthesis for a body passageway, comprising:

a tubular shaped member having first and second ends and a wall surface disposed between the first and second ends, the wall surface being formed by a plurality of intersecting elongate members, at least some of the elongate members intersecting with one another intermediate the first and second ends of the tubular shaped member;

the tubular shaped member having a biologically compatible coating on the wall surface;

the tubular shaped member having a first diameter which permits intraluminal delivery of the tubular shaped member into a body passageway having a lumen; and

the tubular shaped member having a second, expanded diameter, upon the application from the interior of the tubular shaped member of a radially, outwardly extending force, which second diameter is variable and controlled by the amount of force applied to the tubular shaped member, at least some of the elongate members being deformed by the radially, outwardly extending force, to retain the tubular shaped member with the second, expanded diameter, whereby the tubular shaped member may be expanded to expand the lumen of the body passageway and remain therein.

18. The expandable prosthesis for a body passageway of claim 17, wherein the coating includes a means for anchoring the tubular shaped member to the body passageway.

19. The expandable prosthesis for a body passageway of claim 18, wherein the anchoring means is a plurality of radially, outwardly extending projections formed on the coating.

20. The expandable prosthesis for a body passageway of claim 17, wherein the coating has a plurality of openings therein to allow communication between the body passageway and the interior of the tubular shaped member.

21. The method of claim 2, wherein tantalum is utilized for the wire mesh tube.

22. The method of claim 8, wherein tantalum is utilized for the wire mesh tube.

23. The expandable intraluminal vascular graft of claim 13, wherein the plurality of elongate members are a plurality of tantalum wires.

24. The expandable intraluminal vascular graft of claim 13, wherein the plurality of elongate members are a plurality of thin tantalum bars.

25. The expandable prosthesis of claim 17, wherein the plurality of elongate members are a plurality of tantalum wires.

26. The expandable prosthesis of claim 17, wherein the plurality of elongate members are a plurality of thin tantalum bars.

* * * * *

Ex. I

H-1136-P

IN THE UNITED STATES PATENT AND TRADEMARK OFFICE

#21 Brief

In the Patent Application of

Applicant: Michael D. Boneau

Serial No: 07/398,180

Filing Date: 08/24/89

For: ENDOVASCULAR SUPPORT DEVICE AND METHOD

Group Art Unit 336

Ex'r Michael H. Thaler

30 March 1992

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DEPUTY ASST COMM.

Hon. Commissioner of Patents & Trademarks
Washington, D.C. 20231

Dear Sir:

CERTIFICATE OF MAILING

I hereby certify that this correspondence is being deposited with the United States Postal Service as first class mail in an envelope addressed to: Commissioner of Patents and Trademarks, Washington, D.C. 20231 on 30 March 1992.

93-0992

James E. Eakin

30 March 1992

APPLICANT'S APPEAL BRIEF

Appellant herewith appeals from the Final Rejection dated 11 February 1991, by which pending claims 1 and 4-14 were finally rejected. Claims 2 and 3 have been canceled based on a requirement for restriction. Claims 1 and 4-14 are included in this appeal. Appendix A sets forth these claims.

Status of Amendments

A proposed amendment after final rejection was filed, but was not entered by the Examiner.

Summary of the Invention

The present invention is a mechanical endoprosthetic device for preventing chronic restenosis of human blood vessels, and particularly coronary arteries, during and after percutaneous transluminal [coronary] angioplasty, more commonly referred to as PTCA or angioplasty. Said more simply, lesions in the

blood vessels of some patients can be opened by angioplasty, but then close down, or restenose, shortly after removal of the angioplasty device. Such patients would, absent some mechanical assistance to keep such blood vessels open, often be required to under open heart surgery or other procedures. That mechanical assistance can be provided by a stent. However, prior art stents -- including particularly those cited by the Examiner in this case -- have all fallen short of the mark and many -- again including the prior applied by the Examiner here -- have been abandoned as ineffective or harmful. The present invention resolves most, if not all, of the difficulties with the prior art, and appears to provide the first truly workable stent usable in angioplasty.

As defined by the claims, the present invention is a catheter-delivered, expandable stent for use in angioplasty, i.e., for implantation within a human body. The stent 10 comprises a wire-like member configured to form a plurality of upper and lower peaks 12 and 14 connected by a plurality of substantially straight, non-overlapping segments 16. The stent must be capable of being compressed onto a catheter, such as a balloon catheter 100, positioned within an affected vessel, and then forcibly expanded to maintain the affected area of a vessel at a diameter larger than if the support device were not implanted.

Additional claims, which must be considered separately, require that the device be formed from bending, or that it be made of surgical stainless steel, or that it be coated with platinum. Other claims specifically limit the number of peaks.

THE REJECTION

Claims 1, 4, 6, 8-11 and 13 have been rejected under §102(a) as anticipated by Palmaz U.S. Patent 4,776,337. The basis for the Examiner's rejection is stated to be:

> "The Figure 2B embodiment of Palmaz shows a plurality of non-overlapping segments which form upper and lower peaks at the Extreme top of and bottom of the stent (claim 1) and which comprises a plurality of straight segments connected as claimed in claims 8 and 13 the

uppermost segments meet the terms of these claims)."

Claims 7, 12 and 14 have been rejected under §103 as being unpatentable over Palmaz. The basis for the Examiner's rejection is stated to be:

"Claims 7, 12 and 14 are rejected under 35 U.S.C. §103 as being unpatentable over Palmaz. Using conventual [sic] platinum plating for the Palmaz stent in order to, for example [sic] improve its compatibility of [sic] the body would have been obvious."

Additionally, claims 10-12 have been rejected under §112. The Examiner states in the rejection:

"Claim 10 merely describes the method of manufacture of the stent. Yet the claim is an apparatus claim, making the scope of the claim unclear."

Importantly, no basis has been given for rejecting claim 5, although it is stated as rejected on the cover sheet for the Office Action.

ISSUES TO BE DECIDED

1. Whether claims 1, 4, 6, 8-11 and 14 are anticipated by Palmaz U.S. Patent No. 4,776,337, and particularly by the embodiment of Figure 2B of the '337 patent.

2. Whether claims 7, 12 and 14 are made obvious by Palmaz U.S. Patent No. 4,776,337.

3. Whether claim 5 fairly can be deemed rejected where no basis for a rejection has been given.

4. Most fundamentally, whether an Examiner is permitted to apply a portion of a prior art reference while ignoring the remainder of that reference which clearly teaches away from the claimed invention.

GROUPING OF CLAIMS

For purposes of this appeal, claims 1, 8 and 13 are independent. Claim 1 varies sufficiently from claims 8 and 13 as to require separate consideration. Claims 4-7 depend from claim 1; claims 9-12 depend from claim 8, and claim 14 depends from claim 13. Claims 8 and 13 are sufficiently similar that they may be grouped, with claim 13 being slightly narrower than claim 8.

ARGUMENT

The §102 Rejections

Claim 1 requires an endovascular support device comprising a unitary member of wire-like material configured to provide a plurality of non-overlapping segments connected to form a plurality of upper and lower peaks. The unitary member must be capable of being compressed onto a catheter for delivery to an affected area, and then forcibly expanded to maintain the affected area of the vessel at a diameter larger than if the unitary member was not implanted.

Claim 1 has been rejected solely over the Palmaz '337 patent, and particularly over the embodiment shown in Figure 2B of that patent. While '337 admittedly teaches a balloon expandable stent, any fair reading of the '337 patent shows that to be the end of all similarities between the Figure 2B stent and the present invention.

As noted before, the language used by the Examiner in the Office Action is:

> "The Figure 2B embodiment of Palmaz shows a plurality of non-overlapping segments which form upper and lower peaks at the Extreme top of and bottom of the stent (claim 1) and which comprises a plurality of straight segments connected as claimed in claims 8 and 13 (the uppermost segments meet the terms of these claims)."

The Examiner's statement that the uppermost segments meet the terms of the claims is an admission that he cannot read the entirety of the device on claim 1. Thus, the Examiner's position is, apparently, that he can dissect the Palmaz stent shown in Figure 2B by cutting off all but the end portion of the stent -- despite the fact that Palmaz nowhere suggests making such a device -- and then read just that portion on the claims. If ever a case of hindsight can be found, this is it!

What Palmaz fairly teaches is a stent constructed of a tube of metal mesh, in which many overlapping segments exist but no upper and lower peaks exist, with the entire mesh stent -- and not just an end portion thereof -- being

inserted into the patient's vessel. The entire mesh stent is then balloon-expanded to prevent the vessel from restenosing. Importantly, the device of Figure 2B is nothing more than the device of Figure 2A after expansion; see column 7, lines 28-30. The Examiner has not even suggested that the device of Figure 2A reads on the claims of the present application. Nothing in Palmaz teaches that the end portion is sufficient for catheter delivery, nothing teaches that the end portion is adequate to maintain a vessel in an expanded condition, and nothing in Palmaz teaches that one should cut off a portion of the Palmaz stent to make a much better stent having upper and lower peaks.

To take the position of the Examiner flies in the face of the specific teachings of Palmaz in describing his own invention. Palmaz himself describes his invention as a "wire mesh tube" [column 7, line 36]. Likewise, Palmaz describes his "elongate members" as extending the full length of his tube [column 7, lines 11-15]. Palmaz also describes the points of overlap between the various elongated members as "intersections" [column 7, lines 17, 24 27], not as peaks. It could not be clearer that Palmaz never intended his intersections to be considered peaks, and it also could not be clearer that he intended his device to have overlapping segments. The Examiner's position -- that Palmaz somehow teaches taking only an end of his tube -- tortures the Palmaz disclosure beyond reason. Such a tortured reading of the prior art is impermissible. Under In re Imperato, the reasonable teachings of a prior art reference must be the basis for the rejection. The Examiner is not permitted, in hindsight, to excise from the reference all of the material not supporting his position, leaving only the shell that might be helpful to him.

Claim 1 clearly claims different subject matter than that taught by Palmaz in his '337 patent, and claim 1 is not anticipated by the '337 patent.

Claim 4, which depends from claim 1, requires that the unitary member of claim 1 be made of surgical stainless steel. While surgical stainless steel is known in general, it is not known in a stent of the sort claimed in claim 1. Again, the Palmaz '337 reference clearly does not anticipate claim 4.

Claims 6 further specifies how many peaks the stent should have. This has been found significant in the critical issue of thrombogenicity -- the tendency to create thrombosis, or clotting, in the blood vessel -- which fundamentally affects whether a device saves lives, or takes them. Nothing in Palmaz '337 teaches such information, in large measure because Palmaz does not have peaks of the sort required by claims 1 and 6.

Claims 8 and 13, which may be grouped for purposes of this appeal, are both independent and require a stent having a plurality of N substantially straight segments of wire-like material, each segment having a first and second ends wherein the first end of a first segment is connected to the first end of a second segment, the second end of the second segment is connected to the second end of the third segment, the first end of the third segment is connected to the first end of the fourth segment, and so on until the second end of the Nth segment is connected to the second end of the first segment, with no segment overlapping any other segment. The invention of claim 8 also requires the stent to be compressible onto a catheter and expanded to maintain the vessel in a diameter greater than the vessel would be if the stent had not been implanted. Claim 13 adds the requirement that the number of segments be between six and twenty.

Claims 8 and 13, like claim 1, have been rejected as anticipated by Palmaz '337, and particularly the embodiment of Figure 2B. However, nothing in Figure 2B of Palmaz '337 can reasonably be said to comprise a plurality of substantially straight segments which connect end to end but do not overlap. Again, the Examiner has resorted to excising the parts he finds helpful, and ignoring the rest. Fairly read, Figure 2B of Palmaz is simply a mesh tube -- not a series of straight segments. Claims 8 and 13 clearly are patentably distinct from Palmaz '337, and neither is anticipated by it.

Claim 9 depends from claim 8, and requires the number of peaks N to be between six and twenty. It is patentable for the same reasons discussed in connection with claim 6.

Claim 10 modifies and depends from claim 9 by requiring the substantially straight segments to be made as a single unit, with the peaks formed by bending. Claim 10 has again been rejected as anticipated by Palmaz '337 -- even though nothing in Palmaz teaches a unitary construction with peaks and no overlap, let alone peaks formed by bending. Claim 10 simply bears no relation to Palmaz '337 and is not anticipated. Claim 10 is patentably distinct from Palmaz and should have been allowed.

Claim 11 depends from claim 10 and requires that the stent be coated with platinum. Claim 11 is the last of the claims rejected as anticipated by Palmaz '337. Nothing in Palmaz teaches the stent required by claim 11. The claim should have been allowed.

The Obviousness Rejections

Turning next to the claims rejected under §103, which are claims 7, 12 and 14, each has been rejected solely over Palmaz '337. In the words of the Examiner, "Using conventional platinum plating for the Palmaz stent ... would have been obvious." However, claim 7 has nothing to do with platinum plating, and instead limits the number of peaks to four. Claim 7 clearly is not made obvious by a reference to platinum plating, and should have been allowed.

Claims 12 and 14 do require platinum plating; however, claim 7 depends from claim 1, and claim 14 depends from claim 13. Each of claims 1 and 13 have been shown to include patentable subject matter. Moreover, nothing in Palmaz teaches the use of platinum in a stent. At the least a citation is appropriate. Claims 7 and 12 should have been allowed.

The §112 Rejections

Claims 10-12 have been rejected under §112 as unclear. Claim 10 is alleged to be unclear in that it requires the product to be formed in a particular way -- specifically, by bending. No citation of authority for the Examiner's position was given. Claims 11 and 12 have apparently been rejected because they depend from claim 10. The limitation is clearly structural, in that it requires bending to form the peaks. These claims are believed to satisfy §112 as

presented.

One additional point is particularly important for intracorporeal devices such as stents. Stents, as with other devices implanted in the body, in some ways resemble chemical inventions in that very subtle changes in design lead to significant breakthroughs that greatly benefit humanity. It has long been recognized in the chemical arts that patentability can exist despite such apparently small changes mainly because the mechanisms by which chemicals react is not well understood. The reaction of the human body to foreign objects is, if anything, less well understood. For this reason, it is particularly important that prior art be limited to what it reasonably teaches, and to prohibit Examiners from taking expansive readings of what the prior art teacher might have meant had he had the current invention in mind.

Claim 5

No basis for the rejection of claim 5 was given by the Examiner, and when this was raised with the Examiner by telephone, no corrective action was taken. Under these circumstances, it is clear that claim 5 should be allowable.

Conclusion

The most important issue raised by this appeal involves the Section 102(a) and Section 103 rejections of claims 1, 4-11, 12 and 13 over the Palmaz '337 patent. That issue is: Is it a sound basis for a rejection to literally cut off a portion of the device taught by the prior art, and attempt to read that cut-off portion on the pending claims while ignoring the remaining clear teachings of the patent which would teach away from the cited basis for rejection? If so, unexpurgated hindsight has become the accepted approach to obviousness. If not, the rejections of claims 1, 4-11, 12 and 13 cannot stand.

Fairly read, Palmaz teaches a metal mesh tube; it does not teach non-overlapping segments, it does not teach peaks, and it does not teach substantially straight segments. Yet these elements are all required by all of the rejected claims. There was no legitimate basis for rejection over Palmaz '337, and these claims should have been allowed.

The rejections of the Examiner should be reversed.

Additionally, the §112 rejections of claims 10-12 should be reversed as ill advised.

REQUEST FOR ORAL HEARING

AN ORAL HEARING IS REQUESTED.

Respectfully submitted,

James E. Eakin
Reg. No. 27,874

30 March 1992

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1700 S. El Camino Real, Ste. 405
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APPENDIX A

THE CLAIMS ON APPEAL

1. An endovascular support device suitable for implantation within a coronary or other vessel within the human body comprising a unitary member of wire-like material configured to provide a plurality of non-overlapping segments connected to form a plurality of upper and lower peaks, the unitary member being capable of being compressed onto a catheter for delivery to an affected area of a vessel and then forcibly expanded to maintain the affected area of a vessel at a diameter larger than if the support device were not implanted.

4. The endovascular support device of claim 1 wherein the wire-like material is surgical stainless steel.

5. The endovascular support device of claim 4 wherein the stainless steel is plated with platinum.

6. The endovascular support device of claim 1 wherein the number of peaks is between 3 and 10.

7. The endovascular support device of claim 1 wherein the number of peaks is four.

8. A stent for implantation within a vessel within the human body comprising a plurality of N substantially straight segments of wire-like material, each segment having a first and second ends wherein the first end of a first segment is connected to the first end of a second segment, the second end of the second segment is connected to the second end of the third segment, the first end of the third segment is connected to the first end of the fourth segment, and so on until the second end of the Nth segment is connected to the second end of the first segment, with no segment overlapping any other segment and the plurality of segments being capable of being compressed onto a catheter for delivery to an affected area of a vessel and then forcibly expanded to maintain the affected area of a vessel at a diameter larger than if the support device were not implanted.

9. The stent of claim 8 wherein the value of N is between six and twenty.

10. The stent of claim 9 wherein the plurality of segments of wire-like material are formed as a single unit and then bent to form the plurality of segments.

11. The stent of claim 10 wherein the plurality of segments are formed of surgical stainless steel.

12. The stent of claim 11 wherein the plurality of segments are plated with platinum.

13. A stent for implantation in a vessel within the human body comprising a unitary wire-like circular member bent to form a plurality of N substantially straight, non-overlapping segments wherein each segment has a first end and a second end, and the first end of the first segment is connected to the first end of the second segment, the second end of the second segment is connected to the second end of the third segment, the first end of the third segment is connect to the first end of the fourth segment, and so on until the second end of the Nth segment is connected to the second end of the first segment, the stent being compressed onto a catheter for delivery to an affected area of a vessel and then forcibly expanded to maintain the affected area of a vessel at a diameter larger than if the support device were not implanted, the value of N being between six and twenty.

14. The stent of claim 13 wherein the stent is formed of surgical stainless steel and plated with platinum.

Ex. 5

33C

S Fattle 8-27-92

H-1136-P

IN THE UNITED STATES PATENT AND TRADEMARK OFFICE

In the Patent Application of

Applicant: Michael D. Boneau

Serial No: 07/398,180

Filing Date: 08/24/89

For: ENDOVASCULAR SUPPORT DEVICE AND METHOD

Group Art Unit 336

Ex'r Michael H. Thaler

16 August 1992

#24/Reply Brief

GROUP 330 AUG 26 92

Hon. Commissioner of Patents & Trademarks
Washington, D.C. 20231

Dear Sir:

93-0992

CERTIFICATE OF MAILING

I hereby certify that this correspondence is being deposited with the United States Postal Service as first class mail in an envelope addressed to: Commissioner of Patents and Trademarks, Washington, D.C. 20231 on 16 August 1992

Janet Kaiser Castaneda

Janet K Castaneda

16 August 1992

APPLICANT'S REPLY BRIEF and REQUEST FOR ORAL HEARING

Appellant herewith replies to the Examiner's Answer stamped "Received Jul 16 1992 Group 3300". For claims not specifically treated herein, applicant relies on the points made in Applicant's Appeal Brief. Absence of discussion of any claim, or any argument made by the Examiner, is not an acknowledgement that the Examiner is correct.

The crux of the disagreement between applicant and the Examiner in this case boils down, as it often does, to what a reference can reasonably be said to teach.

The only meaningful reference cited by the Examiner is Palmaz U.S. Patent 4,776,337, and it serves as the basis for all rejections of the claims on art.

Palmaz teaches two embodiments. The first is shown in Figures 1A and 1B; the second in Figures 2A and 2B.

The Examiner acknowledges that the embodiment of Palmaz' Figure 1A does not meet the present claims. However, he contends (numbered paragraph 11) that Palmaz' Figure 2A-2B (and particularly Figure 2B) anticipates the claims. The Examiner gives two reasons for his position: first, he asserts that applicant's claims "do not preclude the existence of all but the end portion of the stent"; second, he asserts that Palmaz teaches "the claimed elements, as well as additional elements."

We believe both of the Examiner's reasons to be flawed. First, applicant proposed, in the Proposed Amendment after Final Rejection filed 11 June 1991, to limit the claims to exclude any additional segments; the Examiner refused to enter the amendment. To now assert that these additional elements as a valid reason for rejection is inconsistent and should not be countenanced by this Board.

Moreover, even without entry of the proposed amendment, the present claims are believed to exclude the particular additional elements taught by Palmaz. Applicant's claims require "a plurality of upper and lower peaks". *Webster's Third New International Dictionary* defines "peak" as "the very top"; in the context of the present invention, peak must mean "the very top and the very bottom." But if that is so -- and it is certainly what was intended by the claim -- then where does the Examiner propose to add Palmaz' additional elements? They cannot be added to the top, because then applicant's upper peak would no longer be "the very top". Nor can these proposed additional elements be added to the very bottom because, again, "lower peaks" would cease to exist. A fair reading of applicant's claims clearly excludes such additional elements.

To anticipate, a single reference must disclose every element of the claimed invention. Moreover, "It is incumbent upon the examiner to identify wherein each and every facet of the claimed invention is disclosed in the applied reference". Ex parte Levy, 17 USPQ 2d 1461, 1462 (1990). The Levy decision reversed a §102 rejection because the cited reference did not disclose the

biaxially oriented angioplasty balloon of the claimed invention even though the referenced specification disclosed the use of a biaxially oriented starting material to form a non-biaxially oriented balloon.

In the instant case, Applicant's claims are drawn to a stent having "a plurality of non-overlapping segments connected to form a plurality of upper and lower peaks". The elongated segments of Applicant's stent do not intersect, overlap, interconnect or join with one another in the central or middle portion of the stent. Applicant's elongated segments connect with each other only in the area of the peaks at the top and the bottom of the stent.

With regard to the Examiner's second argument, applicant submits that Palmaz not only does not teach "the claimed elements, as well as additional elements," but actually teaches away from applicant's claimed invention.

Palmaz teaches (column 7, line 36) that his invention -- not one embodiment or another, but his invention -- is a wire mesh tube. Palmaz likewise describes at length the "intersections" of his elongate members (column 7, lines 17 and 24-27.) Figs. 2A and 2B of Palmaz disclose a stent having elongate bars secured or joined to each other at a top, a bottom and a mid portion of the stent. Palmaz further describes his elongate members -- both for the embodiment of Figure 1A-1B and the embodiment of Figure 2A-2B -- as extending the full length of his wire mesh tube (column 7, lines 11-15.)

Into this, the Examiner asserts that Palmaz teaches segments which go only from the peak (or "very top") to the first intersection. More specifically, the Examiner contends that he can identify in Palmaz "short, straight segments" which read on applicant's upper and lower peaks. Of course, as noted above, the intersections of these short, straight segments are not "peaks" as defined by *Webster's* and required by the claims.

Moreover, Palmaz never identifies these "short, straight segments" independently of his elongate members; the only person to so describe these elements is the Examiner. The clear reason for Palmaz' lack of separate description is that Palmaz did not consider them separate elements; instead, they

were simply the result of the expansion of the stent of Figure 2A. If Palmaz never mentioned these "short, straight segments", and referred to them only as the "elongate members" which formed part of his "wire mesh tube", exactly how would a person of ordinary skill in the art, looking at Palmaz only (remember, the rejection is §102,) make the logical leap to cut off most of Palmaz' stent? The simple answer is: He wouldn't, without having applicant's invention before him. Such hindsight analysis by an Examiner should not be permitted.

The Examiner cannot identify in Palmaz a plurality of upper and lower peaks connected by non-overlapping segments. Instead, the Examiner dissected the reference and relied on only one expanded view of the Fig. 2A stent to avoid the joined bars in the mid portion of the Palmaz stent, and to avoid interconnection sections as opposed to Applicant's peaks.

The Examiner's dissection of the Palmaz device to find anticipation should not be permitted under the reasoning in Lindemann Maschinenfabril GMBH v. American Hoist & Derrick, 221 USPQ 481,486 (Fed. Cir. 1984), where the court stated that the reference claims used to support an anticipation rejection had wrongly been treated "as mere catalogs of separate parts, in disregard of the part-to-part relationships set forth in the claims and that give the claims their meaning". Like the Examiner in Lindemann, the Examiner in the instant case has used sections of the Palmaz stent while disregarding the clear teaching in Palmaz of a mesh stent.

The Lindemann court went on to state that anticipation was not shown because, had the prior art device come later in time, it would not have literally infringed. In the instant appeal, the Palmaz device would not infringe applicant's claims because it does not include peaks and non-overlapping segments; therefore, it cannot be found to anticipate applicant's claims.

With regard to claim 7, the Examiner's reference to cost reduction completely misses the point of limiting the number of peaks. As the Specification teaches, fewer peaks are desirable to keep mass down. One of the

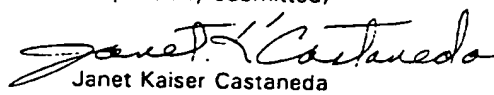
reasons the stent at issue here is believed to be successful is that it reduces mass in the body, which is believed to help prevent rejection of the foreign matter, while at the same time it is strong enough to keep vessels from restenosing, or re-collapsing. Cost reduction has absolutely nothing to do with it.

The bottom line issue in this case is: What does Palmaz teach? To reach the Examiner's view, this Board must ignore Palmaz' own teachings of what his invention is. That has never been a permitted methodology for analysis, and it should not be allowed here. The Examiner's rejections should be reversed and this case passed to allowance. Applicant respectfully requests a favorable decision.

REQUEST FOR ORAL HEARING

An oral hearing is requested.

Respectfully submitted,



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Art Unit 3306 MAILED Paper No. 32

Appeal No. 93-0992 MAR 1 6 1993 gjh

HEARD
March 8, 1993

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BOARD OF PATENT APPEALS
AND INTERFERENCES

UNITED STATES PATENT AND TRADEMARK OFFICE

BEFORE THE BOARD OF PATENT APPEALS
AND INTERFERENCES

Ex parte Michael D. Boneau

Application for Patent filed August 24, 1989, Serial No. 07/398,180. Endovascular Support Device And Method.

James E. Eakin for appellant.

Primary Examiner - Michael H. Thaler

Before McCandlish, Meister and Abrams, Examiners-in-Chief.

Meister, Examiner-in-Chief.

This is an appeal from the final rejection of claims 1 and 4-14, the only claims remaining in the application.

The appellant's invention pertains to an endovascular support device for implantation within a coronary or other vessel in the human body. Claim 1 is further illustrative of the appealed subject matter and a copy thereof, as it appears in the appendix to the appellant's brief, is appended to this opinion.

The reference of record relied on by the examiner are:

Palmaz 4,776,337 Oct. 11, 1988

Claims 10-12 stand rejected under 35 U.S.C. 112, second paragraph, as being indefinite for failing to particularly point out and distinctly claim the subject matter which the appellant regards as his invention.

Claims 1, 4, 6, 8-11 and 13 stand rejected under 35 U.S.C. 102(a) as being anticipated by Palmaz.

Claims 5, 7, 12 and 14 stand rejected under 35 U.S.C. 103 as being unpatentable over Palmaz.

Rather than reiterate the examiner's statement of the above rejections and the conflicting viewpoints advanced by the examiner and the appellant in support of their respective positions, we refer to the answer, the brief and the reply brief for the full exposition thereof.

OPINION

Considering first the rejection of claims 10-12 under 35 U.S.C. 112, second paragraph, the examiner has taken the position that

> claim 10 merely describes the method of manufacture of the stent. Yet the claim is an apparatus claim, making the scope of the claim unclear. (see answer, page 2)

We cannot support this position. The examiner identifies no particular language in these claims which is indefinite and we

find none. Claim 10 recites that the "plurality of segments of wire-like material are formed as a single unit and then bent to form the plurality of segments" and depends from claims 8 and 9, both of which are directed to structural features of the stent *per se*. Apparently the examiner believes that the inclusion of "product-by-process" language in a claim directed to an article automatically violates the second paragraph of §112. This is incorrect. There is nothing inherently wrong with including "product-by-process" language in article claims. See, for example, *Ex parte Hartman*, 186 USPQ 366 (BdApp 1974). Accordingly, we will not sustain the examiner's rejection of claims 10-12 under 35 U.S.C. 112, second paragraph.

Turning next to the rejection of claims 1, 4 and 6 under 35 U.S.C. 102(a), it is the appellant's contention

> [t]he examiner acknowledges that the embodiment of Palmaz' Figure 1A does not meet the present claims. However, he contends ...that Palmaz' Figure 2A-2B (and particularly Figure 2B) anticipates the claims. The Examiner gives two reasons for his position: first, he asserts that the applicant's claims "do not preclude the existence of all but the end portion of the stent"; second, he asserts that Palmaz teaches "the claimed elements, as well as additional elements."...Applicant's claims require "a plurality of upper and lower peaks". *Webster's Third New International Dictionary* defines "peak" as "the very top"; in the context of the present invention, peak must mean "the very top and the very bottom." But if that is so -- and it is certainly what was intended by the claim -- then where does the Examiner propose to add

> Palmaz' additional elements? They cannot be added to the top, because then applicant's upper peak would no longer be "the very top". Nor can these proposed additional elements be added to the very bottom because, again, "lower peaks" would cease to exist. A fair reading of applicant's claims clearly excludes such additional elements. (see reply brief, page 2)

We are at a loss to understand such an argument inasmuch as we are unable to find where the examiner has proposed adding any "additional elements" to which the appellant refers. It quite clear from the examiner's answer that he is not proposing to add elements as the appellant argues but, instead, merely stated that the claims do not preclude the existence of elements in addition to those which the appellant has claimed. In any event, we see no need of resort to any "additional elements" for the structure of Palmaz to anticipate the subject matter defined by these claims. The law of anticipation does not require that the reference teach what the appellant is claiming, but only that the claims on appeal "read on" something disclosed in the reference, i.e., all limitations of the claim are found in the reference. *See Kalman v. Kimberly-Clark Corp.*, 713 F.2d 760, 218 USPQ 781 (Fed. Cir. 1983). Here, Palmaz in Fig. 2B discloses an endovascular support device comprising a unitary member of wire-like (see column 6, line 61) mesh having a plurality of lower peaks defined by the members 76 on the lowermost portion of the device and a plurality of upper peaks (defined by the unnumbered

members which correspond to the members 76) on the uppermost portion of the device. Since these members are on the very top and bottom of the device, they satisfy the appellant's above-noted definition of "peaks." It should be noted that there are no overlapping members whatsoever in the embodiment of Fig. 2B. With regard to claim 4, Palmaz discloses stainless steel in lines 34 and 35 of column 6. With regard to claim 6, Palmaz clearly illustrates six peaks in Fig. 2B.

It is also the appellant's contention that the "elongated segments of Applicant's stent do not intersect, overlap, interconnect or join with one another in the central or middle portion of the stent." This argument is not commensurate with the scope of the claims since there is no claimed limitation which would preclude the interconnection or joining of the segments in the central or middle portion of the stent as in the case of the embodiment of Fig. 2B of Palmaz. We further add that there is no claimed limitation which requires the segments to be straight. It is well settled that features not claimed may not be relied upon in support of patentability. *See In re Self*, 671 F.2d 1344, 213 USPQ 1 (CCPA 1982).

We also believe these claims are so broad as to read upon the structure illustrated by Palmaz in Figs. 1A and 1B. It should be noted that independent claim 1 recites "[a]n endovascular support...comprising" (emphasis ours) and, therefore may

include additional elements (e.g. additional "segments"). Thus, claim 1 only requires those segments which actually form a "plurality of upper and lower peaks" to be "non-overlapping." Viewing Figs. 1A and 1B of Palmaz it is evident that only three straight segments are necessary to form two upper and two lower peaks and the limitations of the claim are satisfied if none of these three straight segments overlap each other. While it is clear that additional segments overlap the three straight segments in the embodiment of Figs. 1A and 1B of Palmaz, the claim language simply does not preclude such an arrangement.

In view of the foregoing, we will sustain the examiner's rejection of claims 1, 4 and 6 under 35 U.S.C. 102(a) as being anticipated by Palmaz.

We consider next the examiner's rejection of claims 5 and 7 under 35 U.S.C. 103 as being unpatentable over Palmaz. With respect to claim 5, the appellant does not deny the examiner's assertion that platinum plating is "conventional" and Palmaz in line 54 of column 3 states his stent "may have a biological inert coating on its wall surface." Noting that artisans must be presumed to know something about the art apart from what the references disclose (*see In re Jacoby*, 309 F.2d 513, 135 USPQ 317 (CCPA 1962)) and the conclusion of obviousness may be made from "common knowledge and common sense" of the person of ordinary skill in the art (*see In re Bozek*, 416 F.2d

1385, 163 USPQ 545 (CCPA 1969)), we are of the opinion that it would have been obvious to one of ordinary skill in the art Palmaz to use as his biological inert coating a conventional coating material such as platinum for this purpose. As to the rejection of claim 7 the appellant argues that the provision of four peaks is "significant"; however, contrary to the establishment of any criticality for the provision of four peaks, the specification states (page 9, line 22) that the number may vary from two to ten. Therefore, the provision of four peaks vis-à-vis the six peaks shown by Palmaz in Fig. 2B solves no stated problem insofar as the record is concerned and therefore leads us to conclude that such a provision is merely a matter of engineering design choice. *See In re Kuhle*, 526 F.2d 553, 188 USPQ 7 (CCPA 1975). Accordingly, we will sustain the examiner's rejection of claims 5 and 7 under 35 U.S.C. 103 as being unpatentable over Palmaz.

Considering last the rejections of claims 8-11 and 13 under 35 U.S.C. 102(a) as being anticipated by Palmaz and claims 12 and 14 under 35 U.S.C. 103 as being unpatentable over Palmaz, the examiner has taken the position in each of these rejections that

> the claims in question do not preclude the existence of all but the end portion of the stent. Claims 8 and 13 each define "A stent comprising...". Palmaz shows a stent in fig. 2B comprising the claimed elements, as well

> as additional elements. The word "comprising" in these claims does not preclude the additional elements....it is submitted that fig. 2B shows segments which are slanted or sloped towards each other and terminate in short end segments.
>
> Each of these short end segments is located at the summit or peak of a pair of sloped segments. (see answer, pages 3 and 4)

We do not believe that the reference to Palmaz can be fairly construed in such a manner. It is well settled that claim language should be read in light of the specification as it would be interpreted by one of ordinary skill in the art. *See In re Johnson*, 558 F.2d 1008, 194 USPQ 187 (CCPA 1977). Viewing the stent shown by Palmaz in Fig. 2b as a whole, it is readily apparent that what is depicted is a series of peaks and valleys on each end. We can think of no circumstances under which the artisan, consistent with the appellant's specification, would call the valleys on one end "peaks" and ignore the remaining structure of Palmaz as the examiner apparently proposes to do. Therefore, we will not sustain the examiner's rejections of claims 8-11 and 13 under 35 U.S.C. 102(a) as being anticipated by Palmaz and claims 12 and 14 under 35 U.S.C. 103 as being unpatentable over Palmaz.

In summary:

The examiner's rejection of claims 1, 4 and 6 under 35 U.S.C. 102(a) as being anticipated by Palmaz is affirmed.

Appeal No. 93-0992

The examiner's rejection of claims 5 and 7 under 35 U.S.C. 103 as being unpatentable over Palmaz is affirmed.

The examiner's rejection of claims 8-11 and 13 under 35 U.S.C. 102(a) as being anticipated by Palmaz is reversed.

The examiner's rejection of claims 12 and 14 under 35 U.S.C. 103 as being unpatentable over Palmaz is reversed.

No time period for taking any subsequent action in connection with this appeal may be extended under 37 CFR 1.136 (a). See the final rule notice, 54 F.R. 29548 (July 13, 1989), 1105 O.G. 5 (August 1, 1989).

AFFIRMED-IN-PART

Harrison E. McCandlish
Examiner-in-Chief

James M. Meister
Examiner-in-Chief

Neal E. Abrams
Examiner-in-Chief

BOARD OF PATENT APPEALS AND INTERFERENCES

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APPENDIX A

THE CLAIMS ON APPEAL

1. An endovascular support device suitable for implantation within a coronary or other vessel within the human body comprising a unitary member of wire-like material configured to provide a plurality of non-overlapping segments connected to form a plurality of upper and lower peaks, the unitary member being capable of being compressed onto a catheter for delivery to an affected area of a vessel and then forcibly expanded to maintain the affected area of a vessel at a diameter larger than if the support device were not implanted.

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Re: *Case Nos. 97-550-SLR; 97-700-SLR; 98-19-SLR; 98-197-SLR*

Dear Counsel:

Enclosed for your review and comment is a proposed Protective Order for use in these cases. In this draft, we have attempted to narrow the previously-communicated differences between the parties. We ask that you review the draft with that objective in mind.

From a logistical standpoint, it probably makes the most sense for you to provide your objections/comments to me, with a copy to the other parties' counsel. That way I can generate a red-lined version if there are changes that we can agree to. Additionally, after the parties' written comments have been received by me, I will schedule a conference call so that we can attempt to resolve issues.

In order to speed up the review process, we are providing this draft prior to our client's review and approval. AVE's willingness to agree to this draft is subject to that approval.